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|---|---|---|
| Austria ... Sch 18 | Indonesia ... Rp 2500 | Portugal ... Esc 90 |
| Bahrain ... Din 0.650 | Italy ... L 1200 | S. Arabia ... Rls 6.00 |
| Belgium ... BFr 38 | Japan ... Y550 | Singapore ... S$ 4.10 |
| Canada ... C$2.00 | Jordan ... Fils 500 | Spain ... Pta 100 |
| Cyprus ... C£0.60 | Kuwait ... Fils 500 | Sri Lanka ... Rup 30 |
| Denmark ... Dkr 7.25 | Lebanon ... LL 6.00 | Sweden ... Skr 6.50 |
| Egypt ... E£1.00 | Malaysia ... Ma$ 4.25 | Switzerland ... SFr 2.00 |
| Finland ... Fmk 6.50 | Mexico ... Pes. 300 | Taiwan ... NT$ 65 |
| France ... FFr 6.00 | Morocco ... Dh 6.00 | Tunisia ... Din 0.600 |
| Germany ... DM 2.20 | Netherlands ... Fl 2.50 | Turkey ... L 180 |
| Greece ... Dr 60 | Norway ... Nkr 6.00 | U.A.E. ... Dh 6.50 |
| Hong Kong ... HK$ 12 | Nigeria ... Nr 20 | U.S.A. ... $1.50 |
| India ... Rup 15 | Philippines ... Pes 20 | |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,500 — Friday December 14 1984 — D 8523 B


**Argentina's long haul to credibility, Page 4**

## NEWS SUMMARY

### GENERAL

## Warning on arms control process

U.S. Secretary of State George Shultz warned Nato allies yesterday not to expect any fundamental progress on arms control problems at his meeting with Soviet Foreign Minister Andrei Gromyko in Geneva on January 7 and 8.

Mr Shultz, addressing a meeting of Nato's foreign ministers, was anxious that his talks with Mr Gromyko should be seen as no more than the start of a slow process to improve East-West relations.

West German Foreign Minister Hans Dietrich Genscher said that medium-range nuclear weapons must be included in any U.S.-Soviet arms talks. Page 3

**New currency law**

Poland will introduce laws next year on private Western-currency bank accounts in order to draw money into banks and stop illegal currency trading, the official newspaper Zycie Warszawy said. Page 2

**Stalin defended**

A Soviet documentary film being shown in Eastern Europe defends Stalin against critics at home and abroad. The film was launched to mark the 40th anniversary next May of Nazi Germany's capitulation. Page 2

**Spanish Socialists**

Spain's ruling Socialist Party began its first national congress since its 1982 election with an agenda dominated by economic policy and a proposed reversal of its opposition to Nato membership. Page 3

**Italian tax protest**

About 4m stores, bars, garages, tobacco shops and bakeries throughout Italy were closed by their owners in a continuing duel of strikes between sectors supporting or opposing a tax Bill. Page 3

**Swiss decide on UN**

The Swiss parliament voted in favour of Switzerland joining the UN, leaving the way clear for a final decision in a national referendum after almost 40 years of public controversy.

**Illegal Peking demo**

Peking University students staged an illegal demonstration to protest against poor living and working conditions, students said.

**Hondas recalled**

Honda said it would recall 326,775 cars including 241,298 sold outside Japan, to remedy wiring defects in some Accord and Vigor models produced in the 12 months ending August 1982.

**Activists remanded**

Two anti-apartheid activists arrested on Wednesday as they ended a three-month occupation of the British consulate in Durban, appeared in court on charges of high treason and were remanded in custody for eight days.

**Marcos exposé**

The manners of Philippines President Ferdinand Marcos – who bared his chest to television cameras and his Cabinet last week to prove he had not had major surgery – were criticised by the leader of the country's Roman Catholic Church.

**Financial Times**

We apologise for any typographical errors in this edition resulting from action by the National Graphical Association and Sogat members in the FT reading room in London.

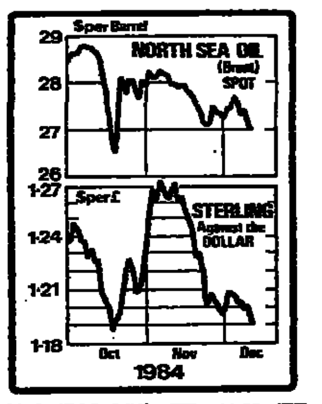
### BUSINESS

## Retail sales boost for U.S.

RETAIL SALES in the U.S. jumped 1.8 per cent in November – the biggest gain since April and one which was greeted by the White House as another sign that the economy is not heading into a recession. Page 4

WALL STREET: The Dow Jones industrial average closed 6.29 down at 1,168.84. Section III

STERLING fell in London on fears of an oil price cut. It slipped a cent to $1.19, its worst close for nearly two months, also weakening to DM




3.6950 (DM 3.70), FFr 11.32 (FFr 11.3550), SwFr 3.0475 (SwFr 3.06) and Y294.5 (Y296.5). Its exchange rate index fell to 74.3 (74.5). On the oil market, January shipments of Brent, the UK marker crude, were quoted 30 cents down at $27. Commodities, Page 36; Currencies, Page 37

DOLLAR rose in London to DM 3.1040 (DM 3.0860), SwFr 2.5610 (SwFr 2.5530), FFr 9.5150 (FFr 9.4625) and Y246.50 (Y247.25). Its exchange index on Bank of England figures rose to 143.1 (142.8). Page 37

GOLD rose 50 cents in London to $325.25. It closed in Zurich at $324.75 ($324.60). In New York the December Comex settlement was $324.30. Page 36

TOKYO stocks met profit-taking, with the Nikkei-Dow market average 42.29 lower at 11,340.05. Section III

LONDON equities were aided by institutional buying. The FT Ordinary index gained 5.3 to 927.6, and British Telecom reached a best-yet 98½p. Conventional gilts weakened. Section III

JAPAN'S Ministry of Finance has finalised draft rules for the creation of a bankers' acceptance market in Japan. Page 16

FRANCE'S annual inflation rate edged down in November to 6.9 per cent, keeping the Government's revised inflation target of 7 per cent for the end of this year within reach, the Finance Ministry said.

ROBERT MAXWELL, head of British Printing and Communications Corporation, formally abandoned his takeover bid for John Waddington, the games maker and packing group.

DEN KONGELIGE Porcelainsfabrik (Royal Copenhagen Porcelain) and Holmegaards Glasvaerk, the leading Danish art glassware company, have concluded a preliminary merger agreement which will be completed in the spring after approval by shareholders.

LAZARD BROTHERS, the merchant bank, announced that Sir John Nott, Britain's former Defence Secretary, would be chairman and chief executive on the retirement of Mr Ian Fraser next August. Page 14

NESTLÉ, the Swiss-based food industry company is negotiating the purchase of a 26 per cent stake in the West German food products group, Herta for an undisclosed sum. Page 15

CATERPILLAR TRACTOR will lay off indefinitely 610 more workers at three plants in Illinois, Iowa and Pennsylvania in early January.

# U.S. sees all-out battle over new EEC farm policy

BY ANDREW GOWERS AND JOHN EDWARDS IN LONDON

THE REAGAN Administration issued a warning yesterday that its proposals for a radical change in farm policy could lead to an all-out battle for world agricultural markets between the U.S. and the European Community.

Mr John Block, U.S. Agriculture Secretary, was speaking to journalists in London on the eve of talks with senior EEC officials. He said America's aim in reshaping its agriculture next year would be to lead other countries, and Europe in particular, towards more market-oriented farm policies.

President Ronald Reagan is due to introduce a Farm Bill into Congress in early February to replace current legislation which expires on October 1. Mr Block is indicating that it promises to be the most radical reform of the U.S. farming industry – the world's largest – since the depression of the 1930s.

The aim, he said yesterday, was to reduce sharply the role of government in agriculture and make farmers more attuned to domestic and international markets for their produce. The reform would also result in significant savings to the hard-pressed federal budget, a fact which Mr Block said would strengthen the Administration's hand in what he admitted would be a difficult passage for the Bill through Congress.

Proposed changes would include:

- The abandonment of controls on production such as costly set-aside programmes. "They have not worked, and they have only resulted in people moving in and taking our markets," he said.
- A reduction in supports paid to prop up farm incomes to levels reflecting world prices. This would enable farmers to compete more easily in export markets. Mr Block has long argued that current supports are too high and discourage exports.

Last week, he said that he would probably propose that prices should only be supported if they fell below 75 per cent of the average market price over the previous five years.

- An end to direct government loans to farmers which, he said, currently account for between 10 and 12 per cent of their borrowing, and their partial replacement with government loan guarantees. Farmers would no longer be able to sell their produce to the Government as part of an official loan scheme, but would have to find private buyers for it.

The proposals are already provoking alarm among some U.S. farmers, many of whom are in substantial financial difficulties. There is also concern in Europe about the prospect of competing openly with the U.S., whose large farms could probably survive a price war more easily than the much greater number of small European farms.

Mr Daniel Amstutz, U.S. Agriculture Under-Secretary responsible for trade policy, said the Bill would deprive farmers of much of the security they had enjoyed but would give them new freedom to compete.

Mr Block and Mr Amstutz both made it clear, however, that the Reagan Administration planned to use the reform to put more pressure on the European Community to dismantle its controversial agricultural export subsidies which, the U.S. says, significantly distort competition in world markets.

The EEC, the second largest farming power, has agreed to study the question of export subsidies in a working group of the General Agreement on Tariffs and Trade (Gatt). Mr Amstutz said this might be the last chance to settle the issue, which has bedevilled U.S.-EEC

**Continued on Page 14**

Feature, Page 36

# Bid for Hambro Life expected soon

By Eric Short in London

A BID FOR Hambro Life Assurance, Britain's largest linked-life company and financial services group, is imminent.

Mr Mark Weinberg, Hambro Life's chairman, said last night: "We have received an approach for our shares. It is a serious approach and, because the share price had started moving, we decided to call a halt to dealings." The shares were suspended yesterday afternoon at 495p.

Mr Weinberg declined to comment on the bidder, even to state whether it was a UK or U.S. institution. He promised a further statement by Monday.

The favourite, however, BAT Industries, the large conglomerate which expanded its financial arm almost a year ago by paying £968m ($1.1m) for Eagle Star Holdings, the insurance composite, after a bitter battle with West Germany's Allianz Versicherung.

The market is currently assessing Hambro's asset value at about 600p per share – indicating a bid worth about £700m. However, the intervention of a counter bid could send this figure soaring, since there is a substantial goodwill item in any valuation of Hambro's worth.

Any bid for Hambro would hinge on the attitudes of two shareholders in Hambro – Charterhouse J. Rothschild (CJR) with 24.9 per cent and Guardian Royal Exchange Assurance (GRE) with 10.2 per cent.

Mr David Montagu, CJR's chief executive, declined to comment on suggestions that the group was about to sell its stake. Mr Peter Greenfield, GRE's general manager, stated that his group had not been approached as yet concerning its shareholding.

Speculation has been growing about an approach for Hambro ever since a proposed merger with CJR fell through earlier this year. A number of well-known institutions have been named as potential bidders, including National Westminster Bank, Citibank, Security Pacific and BTR.

Hambro was formed by Mr Weinberg in 1971, but since then it has built up funds now well in excess of £2bn, reflecting its position as a leader in the unit-linked life and pensions field.

During the last 18 months Hambro has been endeavouring to build up its integrated financial services operation, based on its subsidiaries, the unit trust company Allied Hambro and the banking operation Dunbar. Its success has been somewhat limited and the service was recently revamped.

# ICI acquires Beatrice unit for $750m

BY CHARLES BATCHELOR IN LONDON AND PAUL TAYLOR IN NEW YORK

IMPERIAL Chemical Industries (ICI) of the UK has carried out the promised expansion of its U.S. operations with the purchase of Beatrice Companies' chemicals division for $750m – ICI's largest acquisition for more than a decade.

Mr John Harvey Jones, ICI chairman, said: "In a single move this puts ICI among the world leaders in advanced materials, furthers the development of our speciality chemicals business and enhances the spread of our existing operations in the U.S."

ICI clinched the Beatrice purchase in the face of tough competition from leading chemicals companies in the U.S. and Europe. ICI's share price rose 8p to 688p yesterday.

It swung its newly formed acquisitions team into action as soon as Beatrice announced that it wanted to sell its chemical business earlier this year.

"These team was assembled on the pitch as the ball was thrown in by Beatrice," Mr Philip Harvey, ICI director responsible for petrochemicals and plastics, said yesterday. "This acquisition is right on target for the advanced materials group we set up recently," he said.

For Beatrice the sale represents a further step towards reducing the $2.5bn debt assumed when it bought Esmark for $2.8bn earlier this year. It will also allow Beatrice to concentrate on its food and consumer products business.

It has announced seven separate assets sales in the past six months, including the ICI deal, generating $1.1bn. Earlier this week it sold its agricultural business for $43m to Tate & Lyle, the UK sugar refiner.

Beatrice Chemical expects to be able to increase pre-tax profits to $75m in the year ending February 1983 from $63m last year, on sales which will rise to about $480m from $440m. The book value of its net assets is about $155m.

Mr Alan Clements, ICI's finance director, said this was not "the big bang" which would exhaust the company's financial resources and close other options. The group had net liquidity of £650m at the end of September as well as adequate borrowing facilities. Beatrice Chemical's earnings will match or exceed the interest costs of the acquisition within a year or so.

Beatrice Chemical employs 3,500 people in 18 countries making plastics and composite materials for the defence, aerospace, electronics and automotive industries.

Lex, Page 14; News analysis, Page 18

# Oil revenue may boost UK tax cuts to £3bn

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, AND PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE TOTAL scope for tax cuts in the UK's next budget could be twice as much as the £1.5bn ($1.8bn) estimated by the Chancellor of the Exchequer in his autumn statement last month, some senior British ministers believe.

The main reason is that the Department of Energy has become considerably more optimistic about next year's North Sea oil production than appeared from the autumn statement figures.

The UK Energy Department is now confident that the Government is certain of at least £12bn of oil revenues for 1985-86, or even more unless the dollar plunges unexpectedly against sterling. That estimate was already £2.5bn more than the forecast at the time of the last British budget.

The improved outlook for oil and some cautious accounting in the autumn statement has given confidence to Cabinet ministers that the scope for tax cuts may now be about £3bn.

The good news from the North Sea has come at a time when Mr Nigel Lawson, Chancellor of the Exchequer is under increasing pressure from colleagues in the Cabinet to avoid stirring up a political storm by a considerable extension of the tax base.

There is increasing optimism in Whitehall that he may be able to make significant cuts in income tax without sweeping changes in the VAT regime.

Mrs Margaret Thatcher, Prime Minister has, in any case, effectively vetoed ideas for extending VAT to cover food and housing. These items could have raised £4.4bn, almost enough to cut the basic rate of income tax to 25p.

Fears in the City of London that a widening of the scope of VAT could increase inflation are also likely to be taken seriously by Mr Lawson when he makes his decisions after Christmas.

An extra £1bn raised in VAT could add about ½ per cent to prices. This would carry a direct penalty for the Government's finances because pension increases each November are directly linked to May inflation rates. If all state benefits, including supplementary benefit, were to be raised by an extra ½ per cent as a result of a VAT increase, the cost to the Government would be about £150m in a full year.

These considerations, added to fierce political lobbying against an extension of VAT to zero-rated items including clothing, housing, construction, books and newspapers, have severely narrowed the Treasury's options on this aspect of tax reform.

Several recent motions in the House of Commons have attracted many signatures protesting against the idea of extending VAT. Yesterday in the House of Commons Mr Barney Heyhoe, the Treasury Minister of State, said: "There has been a great deal of exaggeration in the comment and speculation about the possible extension of VAT."

UK industrial production rises, Page 8

# Strasbourg rejects Community budget

BY QUENTIN PEEL IN STRASBOURG

THE European Parliament yesterday flexed its muscles and rejected the Ecu 26bn ($18.7bn) EEC budget for the coming year by a big majority, accusing the 10 member states of dishonesty and bad housekeeping.

The main political groups combined to reject the document, condemning the Community to a cumbersome system of month-by-month financing – but one which will none the less fail to make any noticeable impact on the ordinary lives of its citizens.

The significant effect is that it will prevent the implementation of policies by the incoming European Commission which takes office in January, until the member states and the Parliament can agree on a revised budget.

It will also increase the pressure on the Ten to approve an increase in contributions to the Community budget before 1986 – a move which has hitherto been blocked by West Germany until enlargement of the Community with the inclusion of Spain and Portugal

The long-awaited vote was even more emphatic than expected, with 321 voting in favour to only three against, with 16 abstentions.

The Parliament agreed that the budget failed to provide enough finance for a full 12 months' spending, with at least Ecu 1.3bn of farm spending unfunded, quite apart from the lack of any money to provide for Britain's promised Ecu 1bn reduction in budget contributions.

Although in theory the move could make Community financing extremely difficult, with a shortfall of about Ecu 260m every month on the Ecu 1.6bn needed just to finance agricultural spending, the Council of Ministers can approve increased cash by a simple qualified majority.

# Samuel Montagu chief resigns

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

THE CHAIRMAN of Samuel Montagu, one of Britain's leading merchant banks, has resigned after a policy clash with the bank's twin owners – Midland Bank and Aetna Life and Casualty, the U.S. insurance group.

Mr Staffan Gadd's departure triggered an extensive management reshuffle at the bank, which is playing a prominent role in the current realignment of British financial situations.

He will be succeeded by Sir Michael Palliser, former head of Britain's diplomatic service, who has been non-executive vice-chairman of the bank for the past 12 months. Several other appointments were also announced, including the election to the board of Mr Gordon Pepper, joint senior partner of W. Greenwell, the stockbroking firm *with which Montagu is allying itself* in London's financial "revolution."

In a joint statement, Mr Geoffrey Taylor, Midland's chief executive, and Mr James Lynn, chairman of Aetna, praised the part that Mr Gadd had played in the expansion of Samuel Montagu's business, "notably in overseas markets."

They said, however: "In view of the rapidly changing nature of the major domestic and international financial markets in which Samuel Montagu operates, we both feel that Samuel Montagu's strategic development will require effective integration at policy level if we are to ensure that Aetna, Midland and Samuel Montagu mobilise their combined resources and expertise as effectively as possible in an increasingly competitive and challenging world financial market place."

Mr Gadd said: "In view of the differences over the development of *policy, I think it is better to resign* in an amicable way, and pursue other interests." Swedish-born Mr Gadd will retain his executive position at Montagu's Swedish subsidiary and will be available to Samuel Montagu in an advisory capacity.

His departure should give Midland Bank and Aetna Life and Casualty the stronger control they obviously want.

But it leaves the merchant bank without a guiding light at a key moment. It also raises questions about just how independent Montagu can be rated from now on. Some people were interpreting the upset as an instance of the much-predicted cultural strains that are bound to develop as Britain's clearing banks, merchant banks and brokers try to forge alliances.

In his four years there, Mr Gadd had transformed Montagu from an august but rather faded institution

**Continued on Page 14**

Bid for Hambro Life imminent; New chief at Lazards, Page 14



## CONTENTS

## EUROPEAN NEWS

**Patrick Cockburn** in Moscow profiles Mikhail Gorbachev, the Kremlin's number two, on the eve of his visit to Britain

# Chernenko's heir apparent under Western eyes

MR MIKHAIL GORBACHEV, effectively number two in the Kremlin and heir apparent to President Chernenko, arrives in Britain tomorrow as U.S. and Soviet delegations make preparations to meet in Geneva in January. Every word he utters will be scrutinised for any sign of change in Moscow's foreign policy as it faces another four years of President Ronald Reagan.

Mr Gorbachev is also at the centre of attention because he is perceived, on scant enough evidence, in both Moscow and the West as being a new type and generation of Soviet leader, different from most other members of the ruling Soviet Politburo.

At 54 he is much younger than 73-year-old President Konstantin Chernenko or the the even old Mr Andrei Gromyko, the Foreign Minister, and Marshall Dmitri Ustinov, the Defence Minister, both of whom first rose to high rank in World War II.

Mr Gorbachev's background is different. Born the son of a peasant in Stavropol in the south of the Soviet Union in 1931 he was a child during Stalin's purges and a teenager during the war. He joined the Communist Party only the year before Stalin died.

Mr Gorbachev graduated as a lawyer from Moscow University but returned to Stavropol where he rose rapidly througuh the ranks of the Communist Prty. At the young age of 40 he became a full member of the Central Committee of the Communist Party, the key ruling body in the Soviet Union below the Poliburo.

He also achieved the reputation of a succssful specialist in agriculture—the most vulnerable part of the Soviet economy which today absorbs a third of total investment. When Mr Fyodor Kulakov, the central committee secretary in charge of agriculture, died suddenly in 1978, it was Mr Gorbachev who succeeded him.

Four years later the death of President Leonid Brezhnev pushed Mr Gorbachev further to the fore. He became President Yuri Andropov's principle aide in initiating reforms after only two years as a full (voting) member of the Politburo.

As Mr Andropov was dying, Mr Gorbachev's role became even more significant.

The details of Mr Gorbachev's career show that he is, if nothing else extremely lucky. But the very speed of his rise makes it difficult to know how much significance to give to accounts of his reforming zeal.

As the man in charge of Soviet agriculture his analyses of the problems to be faced in the countryside, and the best ways of coping with them, are sophisticated and intelligent. He presses for the long term development of a new infrastructure in the farming areas, arguing that people must be able to "sense a direct dependence between their labour and their pay."

Mr Mikhail Gorbachev—every word he utters in Britain will be scrutinised for signs of change in Moscow's foreign policy as the U.S. and the Soviet Union gear-up for talks in Geneva on arms control.

The implication of Mr Gorbachev's plans for agriculture is that heavy investment is needed for a long period and no single panacea is feasible. It is a low key, but realistic diagnosis. This year the grain harvest was about 175m tonnes or 65m tonnes below target.

On the other hand the actual food available to Soviet citizens has increased since the late 1970s under a food programme launched in 1982. The price for all this is that agriculture continues to provide a very low return on high investment while the Soviet economy as a whole has to subsidise the consumer with low but stable food prices.

As a general overseer of the economy under Mr Andropov Mr Gorbachev also put his weight behind tentative economic reforms. Five ministries were singled out in which enterprises and their managers received more authority. The plan is for management to be decentralised and overall planning to become more centralised. In the past individual ministries would pursue their own schemes with limited central co-ordination.

> Since the death of President Yuri Andropov, at the start of this year, Mr Gorbachev has secured his position as the man whose portrait usually hangs next to that of Mr Konstantin Chernenko, the new Soviet leader. His role is also broadening. He is now in charge of Communist party ideology and his visit to Britain over the next week increases his experience of foreign affairs.

These changes have continued under President Chernenko and the performance of the economy now is better than it was during the last five years under Mr Brezhnev.

There is little evidence, however, that Mr Gorbachev personally initiated many of these reforms—even if he is one of their more lucid proponents. Indeed his most striking achievement so far is his capacity to be inthe right place at the right time.

Since the death of Mr Andropov at the start of this year Mr Gorbachev has secured his position as the man whose portrait, usually, hangs next to that of President Chernenko. His role is also broadening. He is now in charge of Communist Party ideology and his visit to Britain over the next week increases his experience of foreign affairs.

The timing of the visit is also fortuitously significant as it precedes the meeting between Mr Andrei Gromyko, the Soviet Foreign Minister, and Mr George Shultz, the U.S. Secretary of State, in Geneva by only a few weeks.

Given that the Soviet press claims that one of President Reagan's prime motives for Geneva is the need to conciliate his West European allies this is obviously a good moment for Mr Gorbachev to talk to Mrs Thatcher and Sir Geoffrey Howe, the Foreign Secretary. The precise distance between Washington and its West European allies has been of abiding interest to Soviet foreign policy makers since President Reagan was first elected in 1980.

But the view that Mr Gorbache will add to his prestige by a successful visit to Britain can be exaggerated. There is no reason to suppose that President Chernenko's health is particularly bad or that his political position is not secure.

The Soviet leadership feels under less pressure today than in 1980 when Poland was in uproar, the Middle East on the verge of war and the domestic economy in bad shape.

Mr Gorbachev's reputation is in part a projection of the desire of many Soviets to see an economic reformer at home and the hope of foreign governments for a more tractable foreign policy-maker in the Kremlin. The next seven days should add to the evidence on whether Mr Gorbachev is all or none of these things.

## Film sets the stage for Stalin comeback

By Leslie Colitt in East Berlin

A SOVIET documentary film being shown in Eastern Europe defends the late Soviet dictator, Josef Stalin, against his detractors at home and abroad. The film has been released to mark the 40th anniversary next May of Nazi Germany's capitulation.

The documentary is about a Soviet wartime hero, Marshal Georgi Zhukov, who commanded the defences of Leningrad, Moscow and Stalingrad and who captured Berlin.

But Stalin plays an important role in the film, causing East European diplomats to note that it sets the stage for Stalin's further rehabilitation in the forthcoming victory celebrations.

Lengthy sequences show Stalin during the war years in the Kremlin which he seldom left. The commentary says Marshal Zhukov revered him and would not allow him to be criticised. It noes that this cause the general great difficulties at times.

At another point, Zhukov is quoted as praising Stalin for having "fully mastered the tasks of his high office. Undoubtedly he was a worthy commander."

Marshal Zhukov remained loyal to Stalin although shortly after his triumphant return to Moscow in 1946 he was demoted to a regional posting because the Soviet leader resented his prestige.

After Stalin's death the Marshal was appointed Defence Minister and in July 1957 he became a member of the Communist party's executive committee. Three months later, he was dismissed from both offices by Nikita Khrushchev, the First Secretary of the Soviet Communist Party, for allegedly giving military affairs priority over party concerns.

Interestingly, although the film shows Zhukov together with many other prominent Soviet personalities of the day, there is no sign of Krushchev who denounced aspects of Stalin's dictatorship at the 20th party congress in 1956.

The film was the Soviet entry at the Leipzig Documentary Film Festival earlier this year where i twon a gold medal. East Germany's leader, Herr Erich Honecker, and most of his politiburo were at the East Berlin premiere this week following its opening in Moscow.

● Romania has raised defence spending only nominally for next year after an appeal to both Nato and the Warsaw Pact to follow its example.

The defence budget will be Lei 12.3bn in 1985 compared with Lei 11.7bn this year and last. The Romanian news agency, Agerpres, said the slight growth took price rises into consideration.

President Nicolae Ceausescu was taken to task by the last Soviet leader, Mr Leonid Brezhnev, for refusing to boost defence spending as the other Warsaw Pact countries had done.

## Poland tightens controls on hard currency

By Christopher Bobinski in Warsaw

POLAND IS tightening the conditions under which hard currency can be held in private bank accounts and used for foreign travel. At the same time, however, restrictions on hard currency accounts introduced when martial law was imposed three years ago are to be lifted on January 1.

Under the new regulations sums earned in legally recognised ways will be paid into normal accounts and the holders will be able to draw on them as before.

But from next March amounts whose origin is "undocumented," that is deriving from some form of black market dealings, will be held for a year in separate accounts without interest. Only then, will they be free to be paid into unrestricted accounts.

Poles currently hold $811m in some 3m bank accounts into which they have been allowed to pay hard currency with *no questions asked* and which can be used freely both at home and abroad.

Given Poland's parlous balance of payments situation the amount involved plays a role in financial policy and the authorities are evidently hoping for a rush of deposits in the first quarter of next year. The new regulations, however, seem likely to halt thetg rowth of hard currency deposits in the longer term.



## Pace of economic growth is slowing in Sweden

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE SWEDISH economy grew by 3.5 per cent in the first nine months of 1984, but the pace has been slowing since the first quarter according to the Central Statistics Office (SCB).

In the first half gross national product expanded by 4.5 per cent, but the country has been unable to sustain the fast growth of exports which has been unable to sustain the fast growth of exports which has been leading Sweden's economic recovery since the October 1982 devaluation.

Exports showed a 6 per cent growth in volume, with imports up by 5.5 per cent. Industrial production has risen by 5 per cent in the first nine months, the main improvement coming in the mining and engineering sectors which saw volume increased of 7.5 per cent.

Industry was working at 85 per cent of capacity in the third quarter, compared with 81.9 per cent a year earlier. Fully 26 per cent of Swedish companies, accounting for 24.1 por cent of industry's added value were working at near full capacity. The highest levels of activity were in mining (93.8 per cent) and pulp and paper (91.3 per cent).

Domestic demand has remained weak under pressure from the Government's restrictive monetary and fiscal policies. Private consumption rose by only 1 per cent in the first nine months.

The trend since 1981 of falling real disposable incomes appears to have been broken, however, according to the SCB, which reports a rise of 8.5 per cent in household incomes, compared with an inflation rate of 8 per cent.

Inflation has moderated slightly over the past year to 7.4 per cent in November, compared with a year-on-year rate of 8.7 per cent in November 1983. The Government is still clearly failing, however, in its attempts to reduce Swedish inflation to the level of its main competitors. In October, inflation was running at only 4.4 per cent on average in Sweden's eight main trading partners.

Leaders of Sweden's employers and blue collar trade unions were meeting again last night to try to agree a pay settlement for 1985 in line with the Government's 5 per cent voluntary pay norm. Few observers believe the Government has any chance of achieving its goal of cutting inflation to 3 per cent by the end of 1985, however.

In an opinion poll published yesterday, the Social Democratic Government again comes off badly. According to SCB, if there had been an election in November the non-Socialist opposition parties would have won between 51 and 52.6 per cent of the votes.

Since the last election in September, 1982, the Socialist bloc (the Social Democrats and the Communists) have lost 4-5.5 per cent of the votes and have fallen back to 45.7-47.2 per cent, according to poll. The next general election will be held in September.

## Swiss UN vote

The Swiss parliament voted yesterday in favour of Switzerland oining the United Nations, leaving the way clear for a final decision in a national referendum, Reuter reports from Berne. This is unlikely to be held before the end of next year.

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# Bundesbank lowers money supply target

BY JOHN DAVIES IN FRANKFURT

THE BUNDESBANK, West Germany's central bank, yesterday lowered its target range for growth in the money supply next year to between 3 and 5 per cent as a signal of its determination to hold down inflation.

The central bank has been operating with a money supply target range of 4 to 6 per cent this year, but growth has tended to be nearer the lower end of the scale.

Herr Karl Otto Pöhl, the Bundesbank president, said that there was in fact no change in the central bank's monetary policy and the new target range should not be interpreted as a "more restrictive line."

With the new target range, he said, money supply could in fact continue to grow at the same rate as at present and enable the economy to expand sturdily.

However, Herr Pöhl said that price stability was by no means as assured as it appeared at first sight, even though inflation had dropped to just a little over 2 per cent.

He said the D-Mark had weakened not only against the U.S. dollar but also against other currencies in real terms (after allowing for differences in national inflation rates).

Although that might have contributed to West Germany's economic growth, it also presented a possible danger to price stability.

With its latest decision, he said, the Bundesbank wanted to leave no doubt of its resolve to stick to its course on internal and external monetary stability.

The Bundesbank's decision was welcomed by Dr Martin Bangemann, the Federal Economics Minister, who attended the council meeting that set the target range, and by Dr Gerhard Stoltenberg, the Finance Minister.

Herr Pöhl said that West Germany demonstrated considerable economic success this year, not only by reducing inflation but also by increasing production by about 2.5 per cent despite the labour conflict in the metal industries over shorter working hours.

Production was growing at present by "a good 3 per cent" and everything indicated that that growth rate should continue in the foreseeable future, he said.

Unemployment was still "bad", Herr Pöhl said, and would remain high in the immediate future.

However, an "easy money" policy could make no significant impact on the matter, which required a long-term adjustment process.

Referring to the reduction in inflation, he said: "We must do everything in our power not to endanger this success."

# Mafiosi break the vow of silence

By James Buxton in Rome

NO FEWER than about 30 members of the Mafia broke the Sicilian organisation's supposedly sacrosanct oath of silence to help the investigating magistrates in Turin who this week had nearly 100 Mafia suspects arrested.

The impressive number of Mafia members who have recently turned state's evidence is being hailed by Italian commentators as the most dramatic sign so far that the authorities are at last beginning to crack the organisation, the tentacles of which spread all over Italy and to North America.

Until now the *omerta* or oath of silence has made the organisation almost invincible. Few Mafiosi broke it. In the summer, however, a gang leader named Tommaso Buscetta broke the oath, and prompted the arrest of hundreds of Mafia suspects, several of them occupying positions of importance in Sicilian life.

This week, magistrates in Turin, which has become a big centre of Mafia activity in northern Italy, issued 380 arrest warrants for crimes connected with the Mafia. Apart from the 100 arrests carried out, mainly in Sicily, a further 103 suspects received official notification while already in prison. The remainder covered by the arrest warrants are still at large.

The standing of some of those arrested this week testified that the authorities are increasingly prepared to tackle the previously "unsuspectable" figures in authority who give the Mafia protection.

They included two judges who preside over the Courts of Assize and of Appeal in the eastern Sicilian city of Catania. Last month two magistrates from Catania were arrested, accused of taking bribes in return for freeing Mafia suspects from jail. Also arrested this week in Rome was a colonel in the Carabinieri, the paramilitary police.

Turin magistrates believe that the men under arrest and being sought hold, among other things, the key to about 100 murders in recent years in Turin and elsewhere in Italy.

● The streets of Italy's cities were strangely quiet for much of yesterday, as shopkeepers kept their shutters down in protest against a government Bill aimed at preventing them from evading tax.

# East and West at odds over MBFR progress

BY PATRICK BLUM IN VIENNA

THE CURRENT round of talks on reducing conventional forces in central Europe (MBFR) ended yesterday in Vienna with conflicting assessments from Nato and Warsaw Pact countries and no evidence of any progress.

Mr Andre Wieland, the head of the East German delegation, criticised on behalf of the Warsaw Pact what he described as the West's "absurd theories of an alleged rise in nuclear threshold" and its "absurd senarios on the existing relationship of forces." The round was ending "without a single practical step being taken towards lowering the military confrontation in central Europe."

In contrast, Mr Jani Hein de Mortel, head of the Dutch delegation and speaking for the Western alliance, said that "progress has been made on some important issues. The gaps have been narrowed in a number of respects." He admitted, though, that significant differences remained.

# Shultz warns against arms control optimism

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

MR GEORGE SHULTZ, the U.S. Secretary of State, yesterday warned his Nato allies against expecting any fundamental progress on arms control problems at his much-heralded meeting with Mr Andrei Gromyko, his Soviet opposite number in Geneva on January 7 and 8.

Mr Shultz, who was addressing a restricted meeting of the Alliance's foreign ministers, which ends today, was clearly anxious that his talks with Mr Gromyko should be seen as no more than the beginning of a slow and steady progress to improve East-West relations.

Echoing Lord Carrington, the Nato Secretary-General, who said last Wednesday that the Western nations should expect a "long haul" before any substantive progress was made in arms control negotiations with the Soviet Union, Mr Shultz stressed that his talks with Mr Gromyko would be mainly procedural.

It was not the intention to go into too many details at this first meeting, since this could cause the negotiations to break down before they even got off the ground.

On the British side, Sir Geoffrey Howe, the Foreign Secretary, indicated in a recent speech in Berlin that it was, in any case, an illusion to believe that effective arms control negotiations could be conducted in a "polluted atmosphere."

They could only be brought to a successful conclusion once the general East-West climate had improved. That was the purpose of stepping up the high level exchange visits between East and West Europe, such as that of Mr Mikhail Gorbachev, the senior member of the Soviet Politburo, to Britain this week and Sir Geoffrey's own planned visits to several East European countries.

There is an obvious tactical motive behind Nato's attempts to dampen people's expectations about the Geneva meeting. If the Russians get the impression that the West is too anxious to resume the arms negotiations, broken off by the Soviet Union at the end of last year, it will make the U.S. negotiating position much more difficult.

A reported difference of opinion between Mr Shultz and Mr Caspar Weinberger, the US Defence Secretary, over whether the Soviet demand for controls of space and anti-satellite systems should become part of the negotiations, appears to be delaying a final decision on the U.S. position.

Mr Shultz is understood to be advocating a deal with the Russians under which limitations on both strategic and medium-range nuclear offensive weapons and "star wars" defensive systems would be discussed.

# Gonzalez defends Spain's 'vital' austerity policy

BY TOM BURNS IN MADRID

SPAIN'S Socialist Prime Minister, Sr Felipe Gonzalez, yesterday silenced potential critics of his Government's austere economic programme at the opening in Madrid of the party's congress with a ringing statement that debates putting social priorities ahead of economic ones were futile.

"Without a sound economic policy there cannot be a serious social programme. We were not called on to govern in order to distribute scarcity and hunger," the Prime Minister told delegates attending the first congress since the Partido Socialista Obrero Español (PSOE) took power two years ago.

Sr Gonzalez, in a second broadside attack on possible rank and file criticism, directly referred to the party's ambiguous attitude to Spain's continued membership of Nato. He said Spain's status in the world should not be allowed to become a matter of international dispute.

Foreign and defence policy, he said, could not be changed at whim and had to show continuity. He urged delegates to "seriously reflect" on the manner in which Spain's role within the alliance was "a service to international and internal stability."

A straw poll of the delegates has already indicated that some 70 per cent will back a motion giving the Government a free hand in deciding on the modalities of Nato membership.

Sr Gonzalez has said he plans to stand by an electoral pledge to hold a referendum on Nato consolidate Spanish democracy by ridding the country of military coup scares and making membership, but that he now wants Spain to remain within the alliance although not as a member of its military command.

Sr Gonzalez told delegates he believed the process of European Community enlargement was now "irreversible" and that negotiations with Brussels had been one of the successes of his Government. The chief success, however, had been to significant inroads into the terrorist problem.

The Prime Minister, in a speech characteristically delivered without notes, justified an economic programme that has in practice meant an increase in unemployment and a cut in real incomes.

He said that what critics had termed a drastic policy of industrial restructuring and a monetarist approach to inflation had been vital in order to "save Spain from a financial crisis."

There had been no alternative but to streamline the Spanish economy and he was now hopeful that the economy would take off as a result of his government's programme. The challenge ahead was the high-tech revolution and an imaginative leap into the 21st century.

Sustained applause from the delegates indicated that the Government has little to fear from its rank and file during the policy debates that will now continue through to Sunday.

The keynote theme of Sr Gonzalez's speech was that the PSOE had become the governing party in Spain and stood alone both as the country's cohesive political group and as the agent for the modernisation of Spanish society. The PSOE, holding a hegemony of power, had, as a result, a responsibility to Spain as well as to its own Socialist programme.

The Prime Minister's frequent private admissions that he is "an unorthodox socialist" were publicly aired yesterday to a greater effect than ever before. "People think the Socialist project has to do with public ownership and I ask why," he said.

Nationalisations, he argued, were past signs of socialist identity and had litle to do with a technological future that had to be approached with a flexible and open mind.

# $975m of loans repaid early

BY ROBERT GRAHAM, LATIN AMERICA EDITOR

**SPAIN HAS repaid early $975m-worth of loans this year, according to Sr Raimundo Ortega, director-general of the Spanish Treasury. The loans, all in the public sector, have been paid back before maturity as a result of a sharp build-up in the nation's reserves, expected to reach $16bn by year's end.**

**The loans repaid were contracted between 1981 and 1983. They include repayment of the 1983 Kingdom of Spain $750m jumbo loan granted at ⅜ above Libor with a five-year maturity.**

**Sr Ortega says he expects a further $175m worth of loans to be repaid early in the first quarter of 1985. Other repayments could follow pending movements in Spain's balance of payments.**

**At the same time, Spain has taken advantages of its strengthened external position to refinance $2.8bn worth of public debt during the year. However, net foreign debt has increased during 1984 from $29bn to $30.3bn as a result of continued demand from the private sector.**

**The improvement in Spain's external position is due to an 18 per cent increase in exports and a healthy flow of tourist receipts.**



# France throws down challenge to English-language press

BY DAVID HOUSEGO IN PARIS

IN THE shrinking world of French newspaper readership, the launching of a new title has become a rare event. But on January 15 a new financial and economic daily will land on French bookstalls aimed at challenging the domination of international business coverage by the English-speaking press.

La Tribune de l'Economie is being brought out as an evening paper by the Bertez group which owns the weekly, La Vie Francaise, and the specialist morning financial daily, Agefi. It hopes for an initial circulation of 50,000 from sales not only in France but within the French-speaking world—notably Belgium and Switzerland.

Its managing director, M Jean-Michel Quatrepoint, formerly a respected electronics correspondent of La Monde, has recruited 35 journalists from the French economic press at often substantially increased salaries.

With a total editorial staff of 50, he will have almost two-thirds more than Les Echos, to date France's main business daily. La Tribune will also have five permanent overseas staff, in London, New York, Brussels, Tokyo and Bonn. Les Echos non.

The new paper is aimed at the market of French businessmen, bankers and administrators who want an economic daily that also provides an international framework. In France, it will have a market that has been left largely uncovered by the Financial Times, which now sells 6,000 copies a day in the country, the Wall Street Journal (3,000) and the business pages of the Herald Tribune (32,000).

Le Monde which gives priority to political news and which has internal problems, has only tapped it partially. But Le Figaro is also beginning to chase it by expanding its pink economic pages—it has recently subscribed to the FT's syndication service—and with plans to print in other French-speaking centres.

An announcement (written in English) from the Bertez group says that the goal is "to thwart the English-speking titles which penetrate the French market more and more." M Quatrepoint is less brutal, claiming that La Tribune will be "complementary" to the English titles among a readership which buys several newspapers.

*He believes it is unhealthy for* the French-speaking world to obtain "all its economic information" from the English press and that this could have provoked a "lively and disordered" backlash.

## Overseas push

Like the FT and the Wall Street Journal, the newspaper aims to put its business coverage in an international context. M Quatrepoint believes such a newspaper would not have been conceivable five years ago and that it reflects the increasing overseas push of French industry.

La Tribune will also follow the English-language style of giving priority in its news stories to presenting the facts and putting them into perspective, while leaving commentary to the end. M Quantrepoint intends that most stories should be short.

He is innovating, however, in insisting that industrial specialists should also be responsible for labour and international coverage in their field.

On this basis, La Tribune will have, for instance, a team of five electronics and communications, four to cover transport space and the motor industry, and five for the banks and insurance industry.

The newspaper is tobe printed in tabloid form and distributed in the afternoon largely to take over the 25,000 readership currently held by the Nouveau Journal which is part of the Bertez stable and will now disappear. The 2 o'clock edition will carry eight pages of financial news and the 4 o'clock edition 16 pages, with the Bourse closing prices.

It is being launched with a FFr 70m (£6.2m) programme sperad over two years. M Quatrepoint answers widespread doubts about where the funds are coming from by saying they the being met out of group cash in hand, asset sales and bank loans.

M Bruno Bertez whose brainchild the venture is, has the reputation of being a right-wing press proprietor who has propelled La Vie Francaise to a 110,000 circulation. Last January, La Vie Francaise purchased Agefi and Le Nouveau Journal to establish a new group in which the Bertez interests hold 67 per cent. The remainder is held by Michelin and Peugeot.

M Quatropoint says he has a contract which guarantees him responsibility for the editorial policy of the newspaper and picking its editorial team.

A notable omission, in comparison with the FT and the Wall Street Journal, will be the absence of a financial column commenting on companies' stock market performances. The relationship between the French financial press and the Bourse has raised an eyebrow or two in France. M Quatrepoint says that, as yet, the French press is not sufficiently "mature" for such a development.

# Inflation target of 7% in sight

BY OUR PARIS CORRESPONDENT

**FRENCH CONSUMER prices rose by only 0.3 per cent in November bringing the Government within grasp of its objective of holding inflation in France to under 7 per cent for the year.**

**The November figures are a sharp improvement on October's 0.7 per cent and the 0.5 per cent in September which had roused fears that the 7 per cent threshold might be crossed. If the rate for year did top 7 per cent it would trigger higher wage claims and additional social welfare payments.**

**The provisional November figure issued yesterday by Insee, the central statistics organisation, brings the cumulative increase in the consumer price index for the year to 6.5 per cent.**

**The Government's nervousness about the slow pace at which inflation has been decelerating has been reflected in recent decisions to limit the lifting of price controls next year and to impose an average ceiling of 4.5 per cent on increases in public tariffs in 1985.**

**French inflation has dropped from 14 per cent at the end of 1981 to 9.7 per cent in 1982, 9.3 per cent in 1983 and a 12-month rate at the end of November of 6.9 per cent. The objective next year is 4.5 per cent.**

**Meanwhile, officials expect this year's real expansion of GNP to be higher than the 1.3 per cent forecast in the budget**

# AMERICAN NEWS

## Falklands constitution goes before parliament

By Hugh O'Shaughnessy

A NEW constitution for the Falkland Islands is expected to be approved by parliament in Westminster by March. It would come into effect in the territory in time for the Falklands general elections, due at the end of next year.

Under the constitution as drafted, the Falklands Legislative Council would increase the number of its elected members from six to eight. Four of these would represent Port Stanley and the other four the rest of the islands.

In addition there would be a majority of elected members on the Executive Council. The council, which is effectively the Falklands government, is controlled at present by a majority of non-elected civil servants and appointed members.

The Civil Commissioner in Port Stanley and the Foreign and Commonwealth Secretary in London would, under the new constitution, preserve their existing powers of veto over the council's decisions.

Mr Alistair Cameron, the Falkland Islands Government representative in London, commented: "This could be the beginning of a development towards a form of self-government such as is in effect in Gibraltar."

## Tancredo asks advisers for 100-day plan

By Andrew Whitley in Rio de Janeiro

THE Economic Commission set up by Sr Tancredo Neves has been asked to prepare an emergency programme for the first 100 days of his anticipated Brazilian Government and to map out the broad lines of longer-term economic policy.

The Commission's membership reflects a careful balance between the left-wing and right-wing political groupings in Sr Neves' coalition, avoiding favour to any one viewpoint.

Sr Jose Serra, planning secretary of Sao Paulo state, is in charge of the six-man team. Sr Serra, who studied in France and the U.S., is a known left-winger and a surprise choice. He was the last president of the now-dissolved National Union of Students, before the 1964 military takeover.

Sr Celso Furtado and Sr Luciano Coutinho are accompaying him on the Left-wing team named by the Partido do Movimento Democratico Brasiliero (PMDB), the main opposition party.

Sr Furtado is a distinguished internationally-known economist and former planning minister in the Goulart Government which was overthrown in 1984. He is a strong advocate of more radical approaches to the foreign debt issue, including a Latin American 'debtors' cartel.'

The PMDB's coaliton partner, the Frente Liberal, has named a well-known banker, Sr Sergio de Freitas, one of the country's leading businessmen, Sr Sergio Quintella, and Sr Helio Beltrao, former minister in various military-led governments.

The presence of Sr Beltrao adds weight to the team, formally known as the Government Plan Commission. A liberal in social and economic terms, Sr Beltrao has served as Planning Minister and Social Welfare Minister.

## White House welcomes 1.8% rise in retail sales

BY STEWART FLEMING IN WASHINGTON

RETAIL SALES in the U.S. jumped 1.8 per cent in November, the biggest gain since April, and one which was greeted by the White House as another sign that the economy is not heading into a recession.

"We now have good news with the back-to-back drop in unemployment and the rise in retail sales. This reflects consumer confidence and continued economic vitality," Mr Larry Speakes, White House spokesman, said: "This pickup in consumer spending launches the economy into a third year of expansion," said Mr Malcolm Baldrige, the Commerce Department Secretary.

Economists are likely to be more circumspect in their interpretation of the data, however. The rise follows a long period of sluggish retail spending during the summer and accompanies expressions of dissatisfaction within the retail industry about the pace of Christmas trade.

The monthly retail sales figures are normally volatile and some economists are suggesting that the pick-up in November may reflect a tendency by consumers to shop earlier, ahead of the Christmas rush.

After the slowdown in growth in the second half of the year, Reagan Administration officials are anxiously looking for an upturn in the economy. Without it the political challenge of the need to cut the federal budget deficit will become even more daunting.

Commenting on the Administration's budget talks yesterday Mr Speakes said that the defence department spending cuts fall short of the $8bn target set by the budget director Mr David Stockman, and further domestic spending cuts may be necessary. On Wednesday evening, Mr Caspar Weinberger, Defence Secretary, conceded some reductions in military spending for the fiscal year of 1986, which would bring in around $4bn to $5bn, less than the $8bn for which Mr Stockman has been pressing.

Mr Weinberger is still apparently resisting larger reductions in defence spending in 1987 and 1988, arguing that to cut into major weapons programmes such as the MX nuclear missile would be to throw away a bargaining chip in the forthcoming strategic arms talks with the Soviet Union.

## U.S. companies aid SA blacks

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. anti-apartheid movement continued to gather pace yesterday as representatives of about 120 American companies operating in South Africa informally agreed to step up their efforts to achieve racial equality there.

The corporations' move was a further sign that the initially black-organised protests which started in Washington last month are beginning to spread across a wider spectrum of public opinion, including conservative and business interests.

Last week, 35 conservative congressmen signed a letter to the South African ambassador warning that they would support economic sanctions against South Africa if it did not move quickly to end apartheid. On Monday, President Ronald Reagan delivered his sharpest rebuke yet of the country's segregationist policies.

Agreement among the companies came in the form of an addition to the so-called Sullivan Principles, under which 128 of the 350 or so U.S. companies operating in South Africa have agreed to improve pay and working conditions for their black employees.

The new principles, informally endorsed at a meeting in New York, would extend the companies' commitment to active campaigning against apartheid through measures that might even be illegal under South African law. They would include support for the unrestricted right of black businesses to set up in urban areas and complete freedom of mobility for black workers.

The U.S. companies are also called on to influence South African companies to "follow the standards of equal rights principles" and "support the ending of all apartheid laws."

The Reverend Leon Sullivan of Philadelphia, author of the principles, said after the meeting: "This is the first time American companies have entered the political arena in South Africa and pushed for an end to apartheid."

The move is likely to be seen as inadequate by the more activist American anti-apartheid campaigners, who believe that the only way for companies to put real pressure on South Africa is to withdraw their investments.

## Air safety agency boosts number of inspectors

BY TERRY DODSWORTH IN NEW YORK

THE FEDERAL Aviation Authority, the U.S. airline safety body, has increased the number of inspectors on its staff by 33 per cent following the emergency three-month special inspection of the industry launched last spring.

The staffing measures bring the numbers of inspectors to 674, more than restoring the steady cut-backs in staff over the last few years, when there has been considerable budgetary pressure to reduce costs in the department.

The Transportation Department's move follows criticism of safety standards in U.S. airlines earlier in the year. Mrs Elizabeth Dole, the Transportation Secretary, has sought to meet this criticism both by strengthening inspection procedures, and by intervening more strongly to correct failings in the airlines.

A report issued by the FAA's department on the emergency inspection has reveale that people Express, the leading discount airline, was asked to correct the files on 55 pilots as a result of the investigation. The company has a total of 1,000 pilots.

## Cuba signs rescheduling deal for debts of $100m

BY DAVID MARSH IN PARIS

CUBA yesterday signed a rescheduling agreement with commercial banks spreading out $100m (£83m) of debt due in 1984 over a nine-year period.

The accord, signed in Paris between the Banco National de Cuba and a consortium of creditor banks led by Credit Lyonnais, set a five-year grace period for the nine-year rescheduling

The agreement is the latest in a series of reschedulings which Havana has been forced to conclude with official and commercial bank creditors

The debt rescheduled is denominated in Deutsche marks, Swiss francs, Canadian dollars and yen. The interest on rescheduled loans will be 1⅞ per cent over inter-state rates for Eurodollar credits, with the margin falling to 1⅝ per cent for loans made on the basis of domestic interest rates.

## Occidental to explore Ecuador jungle region

By Our Foreign Staff

OCCIDENTAL Petroleum is due to sign an exploration contract for acreage in Eucador's eastern jungle region, according to Sr Javier Espinosa, the Ecuadorian Oil Minister.

The U.S. company's independant exploration arm, Occidental Exploration Petroleum Company, is expected to spend $50m (£41.6m) over the next four years in exploration work involving at least 1,500km of seismic lines and drilling four wells.

Ecuador called an international tender 14 months ago for 11 exploration areas, seven in the jungle and four offshore.

The Occidental contract, due to be signed within the next two weeks, should pave the way for progress in talks with the Exxon-Hispanoil consortium for acreage in the eastern jungle and with Belco for two offshore areas.

Sr Espinosa told a news conference in Quito he hoped the country could raise proven reserves by 170m barrels from the present 1.1bn barrels.

Production is from the eastern jungle, which backs onto the main Peruvian producing areas, in which Occidental is the biggest producer.

## Argentina's long haul to credibility

**Peter Montagnon in Zurich interviews Argentina's Economy Minister at the start of his four nation tour to secure support for a new debt agreement**

ARGENTINA HAS begun an all out effort to dispel doubts among its commercial bank creditors over the seriousness of its commitment to its International Monetary Fund economic programme.

"We don't like to undertake any commitment we are not in a position to fulfill. We are sure we are now in a position to fulfil all the agreements we have undertaken," Sr Bernardo Grinspun, Economy Minister said in Zurich yesterday.

The sober tone of his remarks in an interview at the start of a four nation tour of Europe and the Middle East contrasted markedly with the strident rejection last summer of IMF calls for curbs on real wage increases.

Next year public sector wages in Argentina will increase barely, if at all, in real terms, he said. But economic growth should match this year's 3 to 4 per cent level even after a progressive cut in the consolidated public sector cash deficit to 4.4 per cent of GDP in the final quarter from 10 per cent in the current quarter of 1984.

In its medium term outlook for Argentina's economy, the IMF now projects that there will be no further need for after next year.

Inflation, now running at a monthly rate of 16 per cent, should be reduced to an annual rate of between 10 to 15 per cent within the next two or three years, he added.

Argentina's economic programme with the IMF foresees inflation dropping to 300 per cent a year by next autumn, but bankers say further sharp falls thereafter should not automatically be discounted because of Argentina's long tradition of very rapid response to economic adjustment.

During his tour the minister will seek to drum up support for the new Argentina debt agreement with commercial bank creditors which calls for new money loans totalling $4.2bn (£3.5bn) and rescheduling of some $13.5bn in private and public sector debt.

The initial response to the package has been generally positive, the minister said. The advisory committee of leading creditor banks will make its commitment to the new money loan by next Wednesday. This adds up to some 30 per cent of the amount sought.

Sr Grinspun added that he is to meet representatives of several European governments in Paris on Sunday to discuss a proposed additional package of up to $500m in bridging finance to help Argentina reduce interest arrears before the end of the year. Argentina is also seeking contributions for this package from Governments in Latin America and the Far East.

Assuming that a critical mass of subscriptions to the new money loan can be received in time for the IMF board formally to approve Argentina's $1.4bn loan request before the end of the year the country will move on to talks about rescheduling some $1.8bn in official debts at a Paris Club meeting of industrial country creditors on January 15 and 16, Sr Grinspun said.

If the IMF approval is not forthcoming in time Argentina will not, however, receive its bridging finance by December 31 which would allow it to pay $1.25bn in public sector interest arrears before the year-end profit reporting deadline for bank creditors. In these circumstances it would be "difficult" for Argentina to make a contribution, calculated at $250m from its own reserves, Sr Grinspun said.

Argentina's new loan package from commercial bank creditors is generally regarded as the most difficult rescheduling e xercise yet undertaken and it has been launched amid worries that several smaller banks may refuse to participate because of their aggravation over interest arrears.

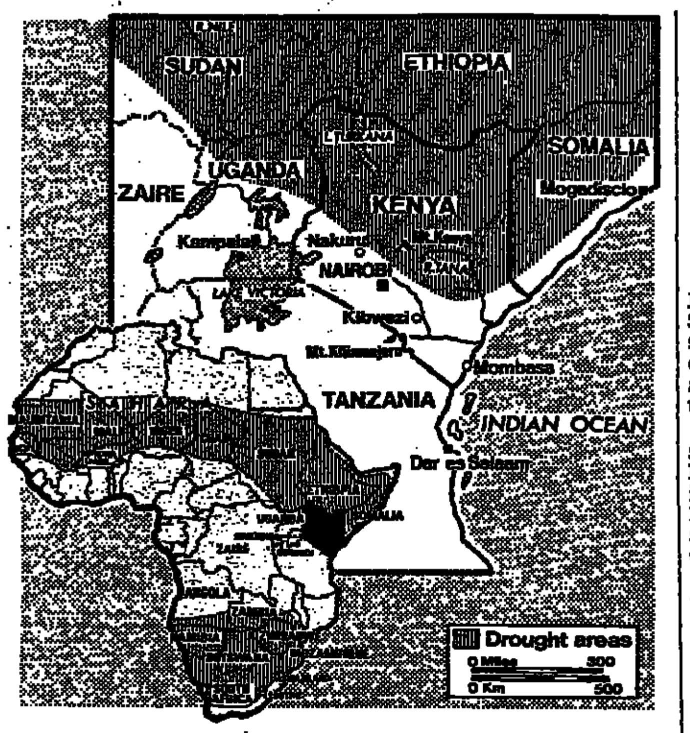
Senior bankers say however that Argentina's promise to reduce its interest arrears before the end of the year is designed to stimulate commitments to the new loan from banks that might otherwise have refused to put up new money. The concentration of Argentina's debt among a relatively limited number of banks —about 100 banks or one third of the total number of individual creditor institutions hold 90 per cent of the loans outstanding—should help in this respect.

Despite Sr Grinspun's optimism bankers still believe there might be resistance to the package from some smaller U.S. regional institutions as well as banks in southern Europe and the Middle East which have traditionally been reluctant to go along with reschedulings. There are also fears that other Latin American banks which have difficulty funding themselves in the money markets may be slow to commit new money.

Sr Grinspun said that Argentina's decision to seek an orthodox solution to its debt problems did not diminish the importance of the role that could be played by the so-called Cartagena group of major Latin American debtors.

He sai dthat this group should still seek a much broader dialogue on the debt problem with governments of the industrialised countries as well as official institutions such as the IMF and World Bank. This was because the debt problem was not just a financial one but also concerned issues such as trade and investment.

"If we cannot export enough and don't have investment capital it would be impossible to deal with the problem," he said. Countries cannot squeeze their economies indefinitely, reducing imports simply to pay their debts. Argentina's economic programme, which concentrates on reducing inflation is designed partly to offer an environment of greater security for foreign investors, he said.




# Swift action in Kenya helps to avert a major drought disaster

BY PATTI WALDMEIR IN NAIROBI

"IN KENYA, we have a drought, the worst in 50 years. But we do not have a famine. And we're going to make sure that the drought does not become a famine."

This confidence, expressed by a senior Kenya Government official three months ago when parts of the country had seen crops fail three times in succession, would have seemed misplaced in most of the 24 other African countries now threatened by severe drought.

But through a fortuitous combination of heavy and well-distributed rains in October and November, prompt action to import food and the necessary infrastructure to distribute it, Kenya has managed, at least temporarily, to avert a major disaster.

"Kenya understands a competitive situation. The Government knew it would be bidding against numerous other countries for international drought relief," says an official of a multilateral donor. "It's response was to prepare sound estimates of food import needs and to make its case to the donor community in time to avoid a crisis."

As early as last June, Kenya told donors it would need to import some 1.3m tonnes of cereals to keep pace with consumption between mid-1984 and mid-1985. It was prepared to spend some U.S.$200m, largely on commercial maize and wheat imports. The rest would have to come from donors.

While numerous other African countries are only now geting relief appeals under way, donor officials say Kenya has commitments for more than two-thirds of total needs, with about half the committed total coming from commercial imports which are estimated to have cost the country between $80m and $120m so far.

Officials of multi-lateral and private donor agencies say there is little doubt that the government's policy of selling relief food through normal commercial channels, or distributing it as part of "Food for Work" programmes, has averted the threat of serious famine for most Kenyans.

But distribution to sparsely populated remote areas of the North-East and to the semi-arid Eastern Province has gone less smoothly. The private aid agencies responsible for distributing food in these areas complain of insufficient allocations of grain, and say the Government has discriminated against the pastoralist populations of urban centres and of the Rift Valley and Central Province.

According to a survey taken by one small private charity in the depressed Kibwezi area, 200 km south-east of Nairobi, two-thirds of the population was unable to either pay or work for food.

And in the arid pasturelands of the North-East, where livestock losses have topped 50 per cent in some areas and young female animals are not expected to begin producing milk until next April at the earliest, famine deaths are still a possibility as the pastoralists' traditional diet of milk, meat and blood is seriously disrupted.

With the market for livestock seriously depressed by increased slaughterings, pastoralists are unable to raise funds to purchase relief food through normal commercial channels.

While officials of the largest bilateral and multilateral donors are confident in affirming that no famine situation now exists in most of Kenya, they are quick to point out that the country is not yet out of the woods.

Despite a good short-rains season in October and November, which will give the parched Eastern Province its first harvest in 12 to 18 months, total 1984 maize production is still estimated at between 1.2m and 1.5m tonnes, well down on the previous year's 2.5m tonnes.

The short-rains harvest, which normally represents only 30 per cent of total annual crop, will ease supplies in January and February next year. But the food situation from mid-1985 will inevitably depend heavily on the long-rains season of next April and May—rains which failed completely in most of the country this year.

While prompt management appears to have headed off a massive famine, economists caution that the drought will nonetheless have a blighting effect on the Kenyan economy for at least the next 12 months.

Gross domestic product (GDP) is expected to stagnate in 1985, while population continues to grow at more than 4 per cent per year, among the highest growth rates in the world. And economists fear that large scale-food imports could interfere with incentives to farm production, further depressing growth in the agricultural sector through 1985.

While the cost of internal distribution has put severe strains on the domestc budget, forcing government departments to curtail or scale down all but the most essential activities, the heavy foreign exchange cost of imports is expected to throw Kenya's overall balance of payments into a deficit of as much as $200m in 1985 after a 1983 surplus of $96.8m.

Western diplomats say the International Monetary Fund has indicated that it may be prepared to provide a standby loan to help Kenya deal with the impact of the drought, with economists predicting that an 18-month credit of between U.S.$70m and U.S.$100m might be agreed early next year.

The rest of the balance of payments gap will have to come primarily from donor governments, at a time when pressure on them to avert immediate drought-related disasters in other parts of Africa will already be intense.

# Australian judge to stand trial in Supreme Court

BY LACHLAN DRUMMOND IN SYDNEY

AN AUSTRALIAN High Court judge is to stand trial on charges of attempting to pervert the course of justice. He denies the offence.

Mr Justice Lionel Murphy, who was Attorney General in the Whitlam Labor Administration in the early 1970s, will face the charges before a judge and jury in the Supreme Court in Canberra in February at the earliest.

The trial follows an examination by Mr Ian Tenby, the Director of Public Prosecutions, into allegations made to a Senate select committee. Earlier this year the committee found by a majority decision that Judge Murphy had acted and spoken in a way that amounted to an attempt to influence the due and ordinary course of justice at a magistrates hearing.

Judge Murphy said yesterday: "I have not committed an offence. I have waived my rights to a committal hearing in order that the air can be cleared as soon as possible. I welcome the fact that the allegations will be tried by judge and jury and not by the media."

The claims against Mr Murphy relate to the trial of a Sydney solicitor, Mr Morgan Ryan, who was found guilty last year of conspiracy charges relating to immigration matters but won a re-trial after an appeal was upheld this year.

The claims were made by the chief magistrate in New South Wales, Mr Clarrie Briese, in the Senate committee inquiry. He said that in January 1982 he discussed, at the judge's instigation, the Ryan case.

A key allegation is that the judge, after discussing proposed legislatio non the independence of the magistracy, said to Mr Briese: "And now, what about my little mate," meaning Mr Ryan.

# Israelis raid Shi'ite villages in Lebanon

By David Lennon in Tel Aviv

ISRAELI troops raided several Shi'ite Moslem villages in southern Lebanon yesterday during which two people died and 10 were wounded, according to the UN.

Mr Timor Goksel, the UN spokesman for southern Lebanon, said the deaths and injuries happened when the Israeli troops moved into several villages east of the coastal town of Tyre.

A woman was killed in Toura village and a man in Maarakeh, Mr Goksel said. Their bodies were taken to the base of a French unit of the UN peace-keeping force, Unifil, but Mr Goksel gave no details of hiw they died.

The Israeli Army said 14 people suspected of participating in or planning attacks on Israeli forces were arrested. He was unable to confirm the report that two people had been killed in the raids.

An army spokesman said that the raids were craried out in the framework of the policy whereby the security of Israeli troops in southern Lebanon takes precedence over any other consideration.

He claimed that large quantities of weapons ready for attacks against Israeli forces were seized in the course of the searches. Israeli imposed a curfew on a number of villages in the Tyre region.

The action underlined Israel's determination to continue its strict police action in the area, even while conducting talks on security arrangements for southern Lebanon after an Israeli troop withdrawal.

The tenth round of these talks was postponed yesterday because stormy weather prevented the Lebanese delegation from reaching the UN headquarters at Nakoura in southern Lebanon where negotiations are held twice a week.

# South Africa tightens controls on banks abroad

By Jim Jones in Johannesburg

SOUTH AFRICA is to tighten its controls over the foreign operations of the country's banks in terms of the Basle Concordat of June 1983, the country's Reserve Bank said yesterday.

The Basle Concordat is the agreement among banking authorities that regulates multinational banks.

The Reserve Bank said that at the start of 1985 it will establish a new section for bank supervision of all the foreign activities of South African banks and determine with the registrar of financial institutions the solvency and liquidity requirements of the commercial banks' foreign financial activities.

The Reserve Bank adds that particular attention will be paid to the foreign loan activity of South African banks, to the activities of branches and subsidiaries abroad, and to the banks' activities in foreign exchange markets.

The Reserve Bank's decision follows several months of disquiet over the fact that some of the country's commercial banks were taking fast expanding foreign liabilities on to their balance sheets without necessarily complying with solvency and liquidity requirements applicable to domestic business.

It was feared by the regulatory authorities that this could lead to liquidity and solvency difficulties particularly at times when the South African Rand was weakening.

# 715 arrested in Sri Lanka

SRI LANKAN security forces swept the island's northern districts during a 61-hour curfew which ended yesterday morning and arrested more than 715 suspected guerrillas, the Government said, Reuter reports from Colombo.

The Government said at least six rebels were killed in a clash with troops during combing out operations in the northern Jaffna District on Wednesday.

The security forces also recovered a large quantity of arms and ammunition during raids on hideouts of guerrillas fighting for a separate Tamil state.

After the curfew, in the northern Jaffna and Kilinochchi district was lifted, residents flocked to shops to replenish food stocks.

# Foreign banks to stay on in Sudan

Foreign banks in Sudan are planning to continue operations despite a bank on interest in transactions decreed by the Government in line with Islamic law, a U.S. bank official said yesterday, AP reports from Khartoum.

The decision to ban interest was conveyed to banks in a circular distributed by the central bank of Sudan on Monday and carried by the state-owned Sudan News Agency on Tuesday.

# Gandhi likely to lose votes over Bhopal

INDIA'S ruling Congress I party is likely to lose a few seats in the state of Madyha Pradesh during the country's general election later this month because of the gas tragedy in Bhopal, the state's capital, last week, **John Elliott** reports.

In the last election in 1980 Congress I won 35 of the state's 40 seats. Local political activists and observers think this figure may drop by anything between four and 14 seats.

Mr Rajiv Gandhi, India's Prime Minister, can ill afford to lose too many seats in this state because he must win an overall victory by a considerable margin if he is to maintain his authority in his party and in the country.

The Bhopal tragedy has pushed the election from the headlines of Indian newspapers. It has also diluted the shock over the assassination six weeks ago of Mrs Indira Gandhi. Mr Gandhi is relying heavily on a sympathy vote based on that shock for a substantial election victory.

The Bhopal State Government, a CongressI administration led by Mr Arjun Singh, the Chief Minister, is being blamed both for allowing the slum dwellings, in which over 2,000 people died to be developed near the factory and for not properly administering local industrial safety and environmental controls. The national government is also being blamed for not operating controls effectively.

The swiftness with which Mr Singh ordered the arrest of Mr Warren Anderson, Union Carbide's U.S. chairman, Mr Keshub Mahindra, Chairman of Union Carbide India, and other executives is being widely seen as an election ploy.

The speed with which Mr Anderson was released later the same day on orders from the central Government in Delhi shows that Mr Gandhi and his advisers did not want to allow the tragedy to mar relation ships with the U.S. or multi-national companies.

# India ponders how best to battle with Carbide over compensation

By JOHN ELLIOTT IN NEW DELHI

MR RAJIV GANDHI, India's Prime Minister, will be involved personally next week in a decision as to how the state of Madhya Pradesh should seek compensation from Union Carbide on behalf of thousands of victims of last week's gas disaster in Bhopal.

The Indian Government is making its own assessment of the legal alternatives at the same time as three teams of U.S. lawyers have arrived in India seeking clients. Two of these teams have already filed suits in the U.S. against the company.

A separate case has also been filed privately in New Delhi against the central and state governments as well as against the company, and yesterday another case was started in New York.

This is believed to have been the world's worst industrial disaster and lawyers are talking about it becoming the biggest compensation claim ever if punitive damages are pursued.

Madhya Pradesh state intends to file on behalf of all the victims of the disaster who include 2,000 to 2,500 believed to be dead and more than 100,000 who have suffered illness. It has yet to decide whether to go to court in India or the U.S.

Total sums of compensation mentioned by U.S. lawyers range from $1bn to $20bn, all based on the assumption that the cases will be heard in the U.S. where Union Carbide has its headquarters and where compensation for "pain and suffering" is considerably higher than in India.

The lawyers will argue that compensation should be paid at U.S. rates with no adjustment for differences in the cost and standards of living in India. The company's lawyers are likely to oppose this.

Union Carbide appears already to have started to try to deflect the argument that the case should be held in the U.S. by disclaiming responsibility for the design and operation of the Indian plant at Bhopal.

"The jurisdiction should be in the U.S. for three reasons—the technical know-how came from the U.S., the parent company is a 50.9 per cent shareholder making the Indian company a subsidiary, and the parent company is based in the U.S.," Mr A. G. Quereshi, Law Secreteary of Madhya Pradesh said this week.

Mr John P. Coale, a Washington DC lawyer, estimates that there are 20,000 hard hit cases in the city whose claim would probably total $61bn if there were a fast out of court settlement. Hhe has already signed over 7,000 up as clients

Mr Coale is proposing a structured settlement with a relatively small lump sum compensation being given to the victims immediately and the remaining award money being paid as a pension spread over the rest of their lives.

The aim is to stop a sudden incursion of extreme wealth into one of the world's poorest communities which would disrupt its social and economic balance.

Mr Federico Sayre, a lawyer from Santa Monica, California, filed a $20bn suit in New York before he left the U.S. But he admitted when he arrived in Bhopal: "We are alleging negligence and punitive damages of $20bn, but the figure has been chosen only to say to Union Carbide that the compensation it will be required to pay will be comparable to U.S. standards. We don't yet know what the figure is or whether there are 20,000 or 50,000 clients."

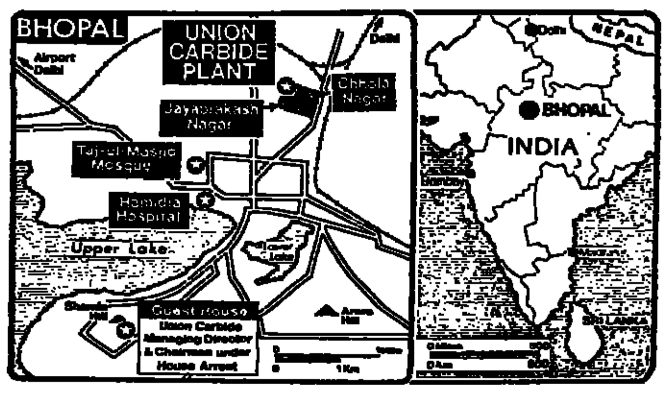
On the question of whether U.S. levels of compensation should be paid, Mr Coale, the first U.S. lawyer to arrive in Bhopal, says: "In the U.S. the poorest person in a ghetto gets the same compensation as the rich, apart from an adjustment for loss of earning power. So just because these people in Bhopal are poor does not mean they should be treated differently."

Yesterday the most famous lawyer involved, Mr Melvin Belli of San Francisco arrived in Bhopal and dismissed an offer of $1.8m initially made by Union Carbide as "an insult by a rich Yankee corporation trying to buy human blood in the world for peanuts."

Mr Bell filed a $15bn suit in West Virginia last weekend on behalf of two surviving relatives of the gas disaster.

A few hours after news of this reached Bhopal, one of the two, Mr Rehman Patel, a 52-year-old railway supervisor, told me he had no knowledge of the action and had talked to no lawyers.

He was lying in a clinic owned by the Mayor of Bhopal, suffering from shock having lost his wife and son in the disaster. "We did not file this case, I don't know who is responsible and I don't want money for myself," he said.




**MORE than 100,000 of Bhopal's 1m people were reported to have fled from the city yesterday after it was announced that Union Carbide would restart production of its Sevin pesticide on Sunday to use up 15 tonnes of the deadly methyl isocyanate gas still stored underground. They travelled by overcrowded trains, sitting on roofs whn carriages overflowed, and by trucks, buses and bullock carts. If they do not return within a week in substantial numbers India's election commissioner will have to consider postponing the city's polling in the country's general election which starts on December 24.**

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# BAe to supply Rapier missiles to Indonesia

BY KIERAN COOKE IN JAKARTA

BRITISH AEROSPACE has won a £100m contract to supply Indonesia with its Rapier air defence missile system.

The contract, won against stiff competition from the French Roland missile firm Aerospatiale, was signed in Jakarta on Wednesday.

It is one of the biggest defence contracts won by a British company this year and follows the sale of three Royal Navy frigates to Indonesia in August.

The contract comes after a concerted effort by British Aerospace and Ministry of Defence officials in recent months. Several high level teams from British Aerospace have been in Jakarta in the past year. There have also been two visits in the last six months by Mr John Lee, parliamentary under secretary of state for procurement.

Last month, the British chief of Defence Staff, General Bramall, paid an extended visit to Indonesia and met the powerful head of the armed forces, General Murdani, and several other key military figures. It is generally felt here that Indonesia is becoming more favourably disposed to British military equipment: the Rapier was chosen because of its greater manoeuvrability and because it is lighter and smaller than its French counterparts.

British officials are hopeful of further contracts — Indonesia, which has more than 13,000 islands, and stretches across a distance wider than coast-to-coast of the U.S. still relies on rather antiquated—mostly Russian—equipment for many of its defence needs. There are thought to be sales opportunities for radar and other equipment including fighter aircraft.

British Aerospace has sold 20 Hark trainer aircraft to the Indonesian air force and has various technical agreements with Indonesia's aerospace company, P. T. Nurtanio. It has sold several of its 748 turboprop aircraft to Bouraq, one of the country's leading internal airlines. Earlier this year the new BAc 146 four-engined jet aircraft made a tour of Indonesia.

An important factor in this week's contract was believed to have been agreements on training and transfer of technology —vital prerequisites for any sizeable contract with Indonesia. Such contracts can often have a knock-on effect to other countries within the Association of Southeast Asian Nations (Asean), as countries in the six-nation group increasingly standardise their equipment.

It is believed some sales contracts with Asean member countries have already been signed, including Brunei and Singapore.

The Indonesian deal brings export orders for the Rapier world-wide to over £1.3bn. Other countries using the missile, besides the UK, include the U.S. Air Force (for the protection of air force bases in the UK).

# Italian tile makers win EEC appeal

By Alan Friedman in Milan

ITALY'S ceramic tile makers have won a long-sought concession from the European Commission in Brussels, which has decided to order Greece to lower trade barriers against Italian tile exports.

The Italian Tile Makers' Association, representing the 413 companies which last year recorded total exports of L1,500bn (£657m), has been campaigning for two years to reduce harsh quotas imposed by Greece. Yesterday Dr Giorgio Saltini, secretary-general of the Tile Makers' Association, said he was very pleased at the EEC's decision.

Italy is the world's largest producer of ceramic tiles, which are used widely for bathrooms and kitchens. Its exports represent 51 per cent of the sector's total sales.

Last month the Italians travelled to Brussels to protest against Greek protectionism, which saw Italian exports to Greece cut from L31.2bn in 1982 to L19.9bn last year.

The EEC decision should allow Italian sales to Greece (which is Italy's seventh largest export market) to rise by 26 per cent next year. The reduction of quotas will represent a 76 per cent recovery next year in the amount of sales to Greece from the depressed level of 1983, according to the Tile Makers' Association.

# Brazilian steelworks to sell slabs to California Steel

BY ANDREW WHITLEY IN RIO DE JANEIRO

**COMPANHIA SIDEBURGICA de Tubarao (CST), Brazil's newest integrated steelworks, has concluded a major export contract for semi-finished slabs with California Steel, the recently reactivated U.S. steel mill.**

**CST will provide California Steel—formerly known as Fontana, whe it was part of the Kaiser Steel group—with 700,000 tonnes of slabs a year, rising eventually to 1.1m tonnes, over a 15-year period.**

**California Steel is now owned by a consortium headed by Mr Michael Wilkinson, the U.S. entrepreneur. The Brazilian Government has a 25-per-cent holding through Companhia Vale do Rio Doce, the state minierals company; while the remaining 25 per cent is held by Kawasaki Steel of Japan, which also has a stake in CST.**

**The contract with California Steel was signed in Los Angeles last week but was only disclosed this Wednesday. Its conclusions guarantee the Brazilian steelworks an assured market for roughly half its total output.**

**The arrangement could still be jeopardised by the outcome of the U.S.-Brazil Government-level steel talks on overall export ceilings. The final round of these talks was taking place in Washington yesterday, with uncertainty hanging over the prospects of the U.S. accepting the latest Brazilian proposals to cut-back on the exports of finished products while permitting the entry of semi-finished slabs.**

**Meanwhile, there are fresh hopes that Acominas—Brazil's other new integrated steelworks, on which the Davy Corporation of the UK has ben the major contractor—may finally be completed.**

**Sr Miguel Goncalves de Souza, president of Acominas said agreement is near with a city bank-led consortium on the provision of a $150m loan against the pre-sale of billets to an undisclosed foreign customer.**

# Taiwan to market IBM-approved personal computers

BY BOB KING IN TAIPEI

THE COUNTRY that brought the world cheap—if pirated—"Apple" computers a couple of years ago are at it again, this time with cut-rate versions of the IBM Personal Computer (PC).

While the Apple copies brought Taiwan a dubious notoriety, at least some of the country's current offerings of the popular IBM machine have been legitimately re-engineered and have received IBM's grudging approval for shipment to the U.S.

Taiwanese manufacturers of these legitimate machines hope to sell them in foreign markets at prices as much as 30 per cent below those of similar IBM products. If so, consumers in the U.S., Europe and Asia will benefit from access to inexpensive but powerful microcomputers that will run most of the software programmes designed fort he IBM PC.

Exports of the Taiwan-IBM micros to the U.S., traditionally Taiwan's largest market, have been hampered by uncertainties over copyrights IBM holds on the basic input-output system, or BIOS, in its machine. For instance, the quasi-governmental Electronics Research and Service Organisation (Erso), set out more than a year ago to design a non-infringing, IBM-compatible computer whose design it planned to sell to the many local computer makers.

Erso's designers ran afoul of IBM on its original BIOS, and were forced to spend more time in re-designing and consulting with the American company to ensure no violations occurred. That second effort may have cost licensees a competitive edege in breaking into lucrative export markets.

Some companies did not bother to wait for the outcome Microcomputer specialist Multitech International, for instance, simply leased the concurrent CP-M operating system from Digital Research of the U.S. insead of going for a compatible IBM-type BIOS. A newcomer to the field, Copam Electronics, designed its own BIOS so quickly that it became the first Taiwan company to begin exporting a machine in substantial quantities.

Other companies took the traditional Taiwan track and simply copied the IBM PC. Recently 11 of these companies were raided and IBM gave them an ultimatum: stop copying, apologise in the newspaper, hand over all infringing circuits, allow IBM access to any new products designed over the next five years, and agree to pay a penalty of $125,000 should any further offences occur.

Seven of the companies complied, and IBM has brought charges against two others, one of which has, in turn, countersued employees of IBM and its legal counsel in Taiwan for illegal search-and-seizure and other alleged offences.

Even if IBM is successful in its two cases, it is unlikely to stem the tide of outright copies. Industry sources say that there may be hundreds of small "mom-and-pop" operations around the island turning out a few dozen copies each month, and these will be difficult, if not impossible to track down.

In any event, export of both the legal compatibles and the outright copies hardly amount to a flood at least to major markets. Multitech, for instance, says it has shipped about 6,000 units over the past eight months. Copam says it is currently exporting 800-1,200 units a month, mostly to Europe and Asia while it waits for formal U.S. Customs Service approval of its design.

Knowledgeable observers say that there are few exports of the Erso-designed machines because their prices were driven up by inflated development costs and licensing fees.

There are bargains still to be had by canny buyers and consumers. Multitech's basic machine, including operating system, manuals, two double-sided floppy disk drives, 256 kilobytes of main memory, and detached keyboard, sells at retail for about $2,000—about 20 per cent below a similar IBM machine. Copam has set a suggested retail price of $1,600 for its basic machine.

# Aerospace leaders line up for fight over U.S. orders

BY OUR AEROSPACE CORRESPONDENT

THE WORLD'S three leading airliner manufacturers, Boeing and McDonnell Douglas of the U.S. and Airbus of Western Europe, are now locked in a Lstruggle for two major U.S. airliner orders that could eventually amount to over 200 new jets, worth several billion dollars including spares.

The airlines are Delta and United, both of which have big fleets of short-to-medium range jets that will need replacing during the late 1980s. Both are interested in the broad "150-seat" category of aircraft.

Delta's requirement was spelled out recently at a management meeting in Atlanta by Mr Don Hettermann, senior vice-president technical operations, who said that a "Delta III," first mooted some time ago, remained strongly in the airline's thinking.

It would be needed for delivery from 1989, which meant an order would be initiated around mid-1985. The aircraft would need to be of 150-seats (12 first class and 138 coach class), with a cruising speed of 530 knots at an altitude of 31,000 feet, and twice the fuel efficiency of the Boeing 757 (of which Delta has already ordered 60).

The value of the Delta order for about 100 aircraft or more, would probably be in excess of $3bn, at a conservative estimate of $30m per aircraft for 1989 delivery.

So far, Airbus is offering the A-320, launched earlier this year, while Boeing is offering the 737-300 with perhaps even a new derivative such as the 737-400/500 or even a new aircraft such as the "7 Dash 7," while McDonnell Douglas is offering the MD-89, a derivative in the current MD-80 series.

United is in a similar position, with more than 150 Boeing 727s, and a need for up to 100 new short-to-medium range jets from the mid to late 1980s onwards.

Both airlines are regarded as prime targets for the major aerospace manufacturers. If either airlines, for example, insisted on a entirely new "7 Dash 7" from Boeing, that would alone be sufficient for Boeing to launch such an aircraft, since many other airlines would swing into line behind the United choice.

**Thai International Airways has ordered two more A-300 Airbus jets from the European plane-making consortium, an Airbus Industrie official said today, Reuter reports from Paris. Thai International already operates 10 earlier model A-300s and has an order on other in addition to the two latest orders.**

# Iran to buy copper plant

IRAN'S Industrial Development and Renovation Organisation (Idro) has ordered a Y10bn (£33m) copper rolling plant from Kobe Steel and Marubeni Corporation, a Kobe Steel spokesman said, Reuter reports from Tokyo.

He said the plant, with output capacity of 35,000 tonnes a year of rolled copper/copper alloy plates and rods, will be built in Kerman, southeast Iran, and will be completed in about two years.

A letter of credit will be opened and the plant will be paid for in cash in yen.

● Negotiations are in the final stage for Malaysia to supply liquefied petroleum gas to apanese oil companies under a long-term contract, officials of the Japanese companies said yesterday, AP reports.

Four oil companies—Daikyo Oil, Showa Oil, Idemitsu Kosan and Taiyo Oil—expect to sign a three-year contract with Malaysia's state-run oil company, Petronas, soon so that they can start importing Malaysian LPG next April or May, they said.

# Poland boosts hard currency

THE SHARE of trade in hard currency which Poland conducts with its Comecon partners is growing according to Polish Government figures, writes Christopher Bobinski in Warsaw.

This trade covers high quality goods suitable for western markets which are exchanged mostly under barter deals between Comecon countries.

Despite efforts to balance imports and exports last year, Poland enjoyed a $70m surplus in its hard currency Comecon account and there is a $35m surplus after the first nine months of 1984.

In the nine months, 5.4 per cent of Poland's turnover with Comecon was conducted on a hard currency basis compared with 3.7 per cent of turnover in 1983, 2.5 per cent in 1982 and 1.2 per cent in 1981.

Poland sold goods worth $265.6m to Comecon countries from January to September 1984, while hard currency Comecon purchases reached $230m.

# China meat contract won

BY LESLIE COLITT IN BERLIN

THE INCREASED pace of economic decentralisation in China, has led to the award of a DM 60m (£16m) contract to Berlin-Consult, a West Berlin engineering consultancy, to build a slaughterhouse and meat packing plant in a small province of Western China.

The project, said to be the first integrated meat processing plant in China, is to be completed over the next two years in the Province of Qinghai, north or Tibet. The partners in the deal are Shaw Feng Zheng trading company in Hong Kong in a joint venture with the Province of Qinghai.

The plant is to process 500 head of cattle and 6,000 sheep daily, and will be manned by 900 workers on two shifts. The Berlin company, which has built a number of meat packing plants in Eastern Europe believes that about half its output will be destined for export.

Qinghai is said to have a population of 4m including many Tibetans engaged in cattle and sheep breeding. Duo Ba, president of the autonomous Tibetan prefecture of Hainan in Qinghai, was present at the signing of the contract.

● Siemens of West Germany said it, and its 75 per cent subsidiary Transformatoren Union, have won an order worth around DM 150m (£38m) for a high-voltage switch plant for the Saudi Arabian city of Mecca, Reuter reports from Munich.

# Output recovers with 1½% rise

BY PHILIP STEPHENS

THE OUTPUT of Britain's manufacturing companies showed a significant recovery in the three months to October, rising by 1½ per cent compared to the previous three-month period.

Figures released by the Central Statistical Office (CSO) yesterday also indicated that overall industrial output grew slightly between the two periods, despite the effects of the coal dispute on energy production.

The rise in the manufacturing sector took output 2½ per cent above the same period in 1983 and was seen in Whitehall as marking a new upward trend after the flat performance for much of the first half of the year.

For October alone, manufacturing production actually fell. The figures for August and September were revised upwards, however, and the three-month comparison is regarded as the best indicator of the underlying trend.

The strongest increases in output were seen in the electrical engineering and chemicals industries, while there were falls in the food, drink and tobacco sectors.

The CSO said that total industrial output in the three months to October was about 1 per cent higher than in the previous three-month period, with a surge in North Sea oil production offsetting lower coal production.

The higher oil production, which was particularly marked in October, reflected a return to full capacity after repair and maintenance work in the summer months.

There was also a small increase in coal output, although on the CSO's measure, production was still only around 22 per cent of normal levels.

It estimates that the coal strike depressed overall output by 3½ per cent in each of the last three-month periods, although the effect on manufacturing remained small.

At the end of October the industrial production index stood at 102.3 (1980 = 100) and the index for manufacturing at 99.1 (1980 = 100).

The picture of more buoyant industrial growth was reinforced yesterday by revised figures on production and distribution stocks in the third quarter of 1984.

The Department of Trade and Industry said that stocks held by the production industries, wholesalers and retailers fell by £200m in the three months to September, which represented a significant easing in the rate of destocking from earlier in the year.

# Investment expected to rise by nearly 8%

BY OUR ECONOMIC STAFF

INDUSTRIAL investment in Britain should rise by nearly 8 per cent in real terms next year but might then level out in 1986, according to an official survey published yesterday.

The increase in 1985, indicated by the Department of Trade and Industry's investment intentions survey, would follow an estimated 11 per cent rise this year. It will be seen by the Government as confirmation that private investment will continue to play a key role in sustaining economic growth.

The department's results show that companies expect the higher level of investment to be spread fairly evenly over manufacturing, construction, distribution and key service industries.

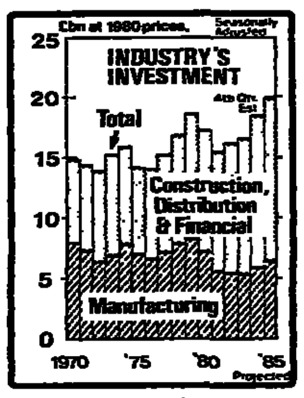
Total investment by manufacturers is forecast to be 7 per cent higher in 1985, with much of the extra going into new buildings and a smaller proportion into plant and machinery. Spending on vehicles might decline slightly.

The largest increases are expected in the chemical and engineering industries and all sectors except metal manufacturing are anticipating higher investment in 1985 than in 1984.

Investment by construction, distribution and key service industries is predicted to be 9 per cent higher in 1985.

The outlook for 1986 is less heartening for the Government.

● Capital expenditure by manufacturing, construction, distribution and financial services industries in the third quarter of 1984 was little changed from the previous three months, according to revised figures released yesterday. The level of spending, £4.2bn at 1980 prices, was 13 per cent higher than the same 1983 period.




# TUC's coal peace initiative under way

BY JOHN LLOYD AND NICK GARNETT

MR PETER WALKER, Energy Secretary, will today meet the seven Trades Union Congress (TUC) leaders who believe there should be a resumption of talks between the National Union of Mineworkers (NUM) and the National Coal Board.

The crucial point, however, is whether after 9½ months of strikes, the NUM leadership is prepared to change its stance and allow closure of uneconomic pits.

Mr Mick McGahey, the union's vice-president, who yesterday chaired the NUM's national executive meeting, said: "We are desperately anxious to end this hardship – but it must be on a principled basis."

Mr McGahey took charge of the meeting in the absence of Mr Arthur Scargill, president, who was in court facing charges arising from his arrest on a picket line during the summer.

Mr Peter Heathfield, the NUM general secretary, said that the NCB's March 6 proposals – to cut 4m tonnes of capacity – were no longer "pertinent" and should be withdrawn. "I hope Peter Walker will recognise that when he meets the TUC."

No one, however, holds out much optimism for today's meeting. Mr Ian MacGregor, the NCB chairman, said: "I doubt if they will lead to anything. There has got to be something to say and Mr Scargill keeps on repeating his standard formula."

Mr Scargill pleaded not guilty to two charges of obstruction at the court hearing at Rotherham, South Yorkshire.

He was accused of wilfully obstructing a police chief superintendent in the execution of his duty. The court hearing continues today.

Mr Trevor Bell, general secretary of the white-collar section of the NUM, said the question was whether the TUC could exert some influence on the board to widen discussions over and above the "sticking points." He said the TUC's approach was not to include specific recommendations but to create a more relaxed atmosphere for talks.

The TUC team will propose that negotiations resume on the basis of a revised Plan for Coal – with the implicit suggestion that a new plan would bring the over-optimistic targets of the present, 10-year-old document closer to market realities.

NCB officials, however, see any such exercise as very long-term, and likely to be engaged in only when the dispute is over – while ministers are against any plan, new or old.

*Ivo Dawnay adds:* Belgium's socialist trades union federation yesterday announced a boycott of all coal shipments to the UK in solidarity with striking British miners.

# European companies propose $60bn fast transport network

BY ANDREW TAYLOR

MOTORISTS could drive directly from London to Oslo, crossing the English Channel and the Baltic Sea by a series of privately financed bridges and tunnels, a group of leading European industrialists claimed yesterday.

The group – representing 22 of Europe's largest industrial concerns, including Plessey, Unilever, the National Coal Board, Fiat, Siemens, Ciba-Geigy, St-Gobain, Volvo and Philips Industries – recommended that big improvements to European road and rail networks should be undertaken over the next 20 years. The claimed that the works, costing $160bn, could be financed by the private sector.

The Roundtable of European Industrialists, established in 1983 to provide impetus to European industrial co-operation and development, proposes three main areas for improvement:

● The construction of a road and rail link across the Channel using a combination of bridges and tunnels;

● A similar series of crossings to link Norway, Denmark and West Germany across the Oresund and Fehmarn Belt in the Baltic Sea;

● Construction of a high-speed rail network linking the north of Scotland with London, Hamburg, Paris, Munich and Rome.

Mr Pehr Gyllenhammar, chief executive of Volvo and chairman of the Roundtable group, said that all the proposals could be funded by the private sector. Funds might be raised using a combination of methods. Those might involve the issue of tax-free bonds, similar to those issued by the New York Port Authority; straightforward equity financing; and medium and long-term bank loans.

Mr Gyllenhammar said the Euroroute consortium, representing French and British banking and construction interests, and proposing a combination of bridges and tunnels across the Channel, was investigating a number of those areas as possible sources for finance.

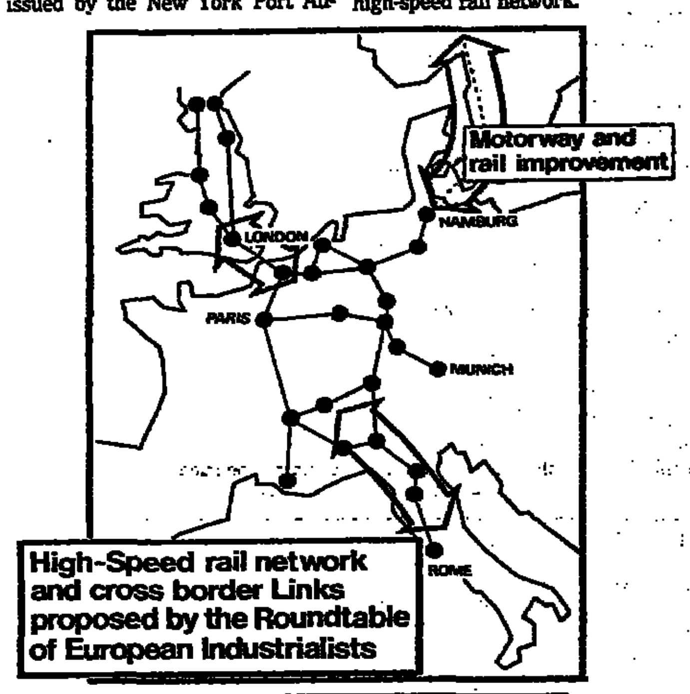
Mr Ian MacGregor, chairman of the National Coal Board, a member of the Roundtable group and a founder member of Euroroute, said he was confident that sufficient private-sector money was available to make all of the Roundtable's proposals a reality.

He said Euroroute would await the outcome of an Anglo-French government working party report on a Channel link, due in March, before completing its plans. The report is expected to establish the financial and development priorities both governments will require.

Euroroute's principal competitor is the Channel Tunnel Group, which proposes a twin-bore rail tunnel under the Channel.

Mr MacGregor said he was a strong advocate of using private-sector money to build an improved high-speed train network. He said that fast-moving trains could provide strong competition to air transport in Europe, unlike the U.S. where big cities were too far apart to take advantage of rail links.

Both the Euroroute and the Channel Tunnel scheme would be expected to link into a European high-speed rail network.




High-Speed rail network and cross border Links proposed by the Roundtable of European Industrialists

# UK-West German air fares poised to fall

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR FARES between the UK and West Germany might come down substantially over the next few weeks as a result of a new agreement between the two countries on greater liberalisation of air services.

The pact, announced jointly yesterday by Mr Michael Spicer, UK Aviation Minister, and Dr Werner Dollinger, West German Transport Minister, makes it possible for any UK and West German airline to fly to any destination in either country, at any frequency of service, for a two-year experimental period, until December 31 1986.

The only approval needed will be that of the country of origin of the airline concerned. In the UK, for example, the Civil Aviation Authority will need to be satisfied about the financial stability and safety of any airline seeking to fly to West Germany under the new deal.

The airline's country of origin will be solely responsible for approving whatever rate the airlines choose to charge.

The basic rule will be that existing Club Class fares will remain unchanged, but new fares can be introduced provided they are not below 30 per cent of the existing Club Class level.

So far, none of the airlines primarily involved – British Airways, British Caledonian and Lufthansa – has decided on new cheap fares. They are expected to do so soon.

At present, the Club Class return fare between London and Frankfurt is £212, and the Eurobudget return rate is £190. Theoretically, the Eurobudget rate, under the new agreement, could come down to about 30 per cent of the existing level, or to about £60-plus return.

The scope for cuts in fares is widened considerably because of the many outstanding applications from UK airlines – mostly smaller regional operators – for rights to fly between the two countries.

Airlines such as Air-Ecosse, Air UK, Birmingham Executive Airways, British Caledonian, British Midland, Brymon Aviation, Connectair, Crown International, Dan-Air, Metropolitan and Orion Airways, as well as British Airways itself, have outstanding route applications before the Civil Aviation Authority.

Provided the authority is satisfied that those airlines are acceptable both financially and in safety terms, and can provide reliable, regular services, there is no reason for it to refuse the licences, under the new agreement.

Another feature of the agreement is that any airline from the two countries may fly on to a second destination in the other country (for example, from the UK to both Frankfurt and Munich, or from West Germany to London and Manchester).

The airlines of one country can also fly through the other country, setting passengers down there, and continue on to a third country, say, in the Middle East.

# BT share fraud inquiry

BY ALISON HOGAN

THE DEPARTMENT of Trade and Industry (DTI) will decide soon whether to prosecute for fraud a number of individuals and syndicates suspected of submitting multiple applications for British Telecom shares.

The Government cashed cheques worth about £850,000 from between 10 and 12 sources without allotting any shares, according to the DTI.

The share offer for the newly privatised company was heavily oversubscribed and those individuals who applied for over 100,000 shares received none at all. Only the smallest investors received all the shares for which they applied.

Thousands of suspected multiple applications for small amounts were weeded out at the time of the offer. The Government's advisers said that a few cheques "from a handful of villains" had been cashed. They are thought to have submitted several applications using different names and numbered bank accounts.

Peat Marwick Mitchell, the accountants appointed by the Government to police the issue, are conducting an audit, which will be completed next month. It is intended to make sure that brokers and financial intermediaries did not collaborate with multiple applicants.

## UK NEWS



# Lifting of textile curbs 'could assist economy'

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

BRITAIN'S ECONOMY would benefit from the ending of controls over imports of textiles and clothing. Those benefits, however, would accrue only if the UK acted in concert with other importing countries and did not act unilaterally.

Those are the main conclusions of a report prepared by Professor Aubrey Silberston, professor of economics at Imperial College, London, on the implications for the UK economy of changes in international trading policies affecting the textiles and clothing industries.

The report was commissioned last year by the Department of Trade and Industry as part of its study into the effects of the Multi-Fibre Arrangement (MFA), the world agreement that covers some 80 per cent of trade in textiles and clothing.

The MFA runs out in 1986 and the UK Government, in conjunction with its EEC partners, is considering what approach to take about the renewal of the arrangement.

Prof Silberston was asked to consider the effects on UK exports of textiles and clothing of trade barriers maintained in other world markets. He was also asked to consider the effects of restraining imports of cheap textiles into the UK. The second part was to encompass the effects on the industries themselves and on the economy generally.

The report found that if all barriers to imports of textiles and clothing from low-cost countries were dropped, the industries would suffer job losses of at least 10,000 and possibly 50,000 by 1992. Those would be in addition to job losses of as many as 150,000 in the industries even if no restrictions were removed.

The two sectors of the industry employed 535,000 people in October 1982 and now have just over 500,000 workers. However, although the two sectors would suffer heavily, Prof Silberston found that the removal of barriers would actually benefit the British economy as a whole and by 1992 there might be a net addition of 60,000 workers across the economy.

Complete liberalisation would, therefore, be of benefit in job terms to the economy, although the losses would be heavily concentrated in the two sectors.

The report also states that prices might fall by a minimum of 5 per cent and a maximum of 10 per cent by 1992.

It says that Britain should consider undertaking more outward processing (OP). That is the system by which fabrics made in one country are made into garments in another and then brought back to the home country for finishing.

OP is not undertaken much in Britain, although it is an important factor in West Germany, where clothes are made up in countries with cheaper labour costs, such as East Germany, Poland and Yugoslavia; and in France.

The gains from ending the MFA would accrue only if Britain acted in concert with its European partners at the very least, and with the U.S. desirably, as well.

Prof Silberston's view is that certain parts of the British industry, such as cotton yarn and fabric production, woollen and worsted production and knitting hosiery are sufficiently well organised now to be able to withstand competition from the cheap producers.

He has more reservations about the clothing sector, where he says the industry is less able to stand on its own feet.

Editorial comment, Page 12

# TUC calls for budget to tackle poverty

By Philip Stephens

THE TRADES Union Congress (TUC) yesterday called for a £2.3bn programme in the budget next spring to tackle what it termed "an unprecedented increase in poverty and inequality over the past five years."

In its representations to Mr Nigel Lawson, the Chancellor of the Exchequer, ahead of his 1985 budget, the TUC identified four groups – families, the unemployed, pensioners and the low paid – that should be the key beneficiaries of budget changes.

The aim would be to reverse the present trend towards an increasing share of the nation's wealth going to the well off at the expense of the poor.

The proposals are designed to complement the TUC's earlier call for a £6bn a year capital investment programme to boost economic growth and cut the unemployment total.

Mr Norman Willis, the TUC general secretary, said yesterday that the budget suggestions should be seen in the wider context of the need for a real strategy of expansion and job creation.

The division of its recommendations into two distinct parts and the relatively modest cost of the budget proposals is seen as reflecting a more pragmatic approach by the TUC in its attempts to influence government economic policy.

The budget document makes clear that the proposals could be implemented "without a major shift in the Government's strategy," with the cost being met from cash at present earmarked for tax cuts and from the contingency reserve.

Mr Willis has also submitted the plan much earlier than usual in the hope that the TUC will have more influence during the initial stages of the Treasury's work on budget priorities.

"In demanding that the Government responds to the urgent needs of those in poverty we are not asking for the moon," he said.

The TUC's first specific proposal focuses on the need to help families by guaranteeing that child benefit remains universally available and by raising the present weekly payment by £3 to £9.85.

# West Berliners fail in attempts to oppose army firing range

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

ATTEMPTS by two West Berliners to take legal action to stop a British army firing range being operated near their homes had been thwarted by the UK authorities in England and West Germany, an Appeal Court judge said yesterday.

The clear inference, Lord Justice Browne-Wilkinson said, was that "there is a desire, not to defend the claim on its merits, but to ensure that there is no court which can adjudicate on the claim.

"There must, no doubt, be weighty policy considerations which have led the authorities to pursue this unattractive course," the judge commented. Although he had a strong desire to hold that the West Berliners' claim could be heard, he was reluctantly forced to conclude that their latest move, to sue Sir Michael Havers, the Attorney General, could not succeed.

The claim was by Herr Gunter Trawnik and Frau Louise Reimelt, who live beside Gatow airport in the British sector of West Berlin. Their complaint is that a firing range due to come into service soon will cause them so much disturbance as to amount to a legal wrong under English and German law.

Lord Justice Browne-Wilkinson said their attempt to get the case heard in the Berlin civil courts had been frustrated by the British commandant's refusal to allow the courts to hear the case.

A move to sue the Ministry of Defence in the London High Court had been thwarted by the Foreign Secretary, who ruled that the ministry could not be sued.

The claim had been amended to sue the British commandant in Berlin, but the Foreign Secretary had ruled that he was part of the government of a foreign state and therefore immune from legal proceedings in the UK.

Finally an attempt was made to sue the Attorney General, which succeeded in the High Court but was challenged in the Appeal Court.

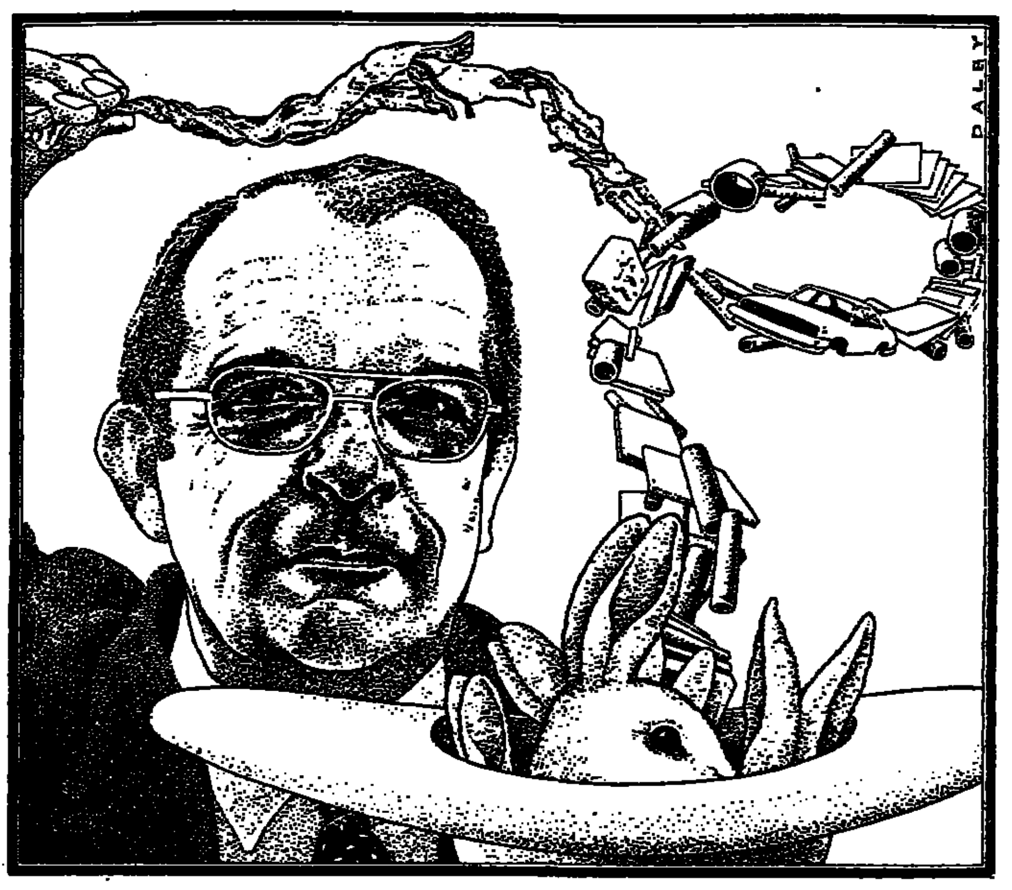
Agreeing that the Attorney General's appeal should be allowed, Lord Justice Lawton said that the West Berliners might be suffering a wrong for which there was no remedy in the English courts. That was to be regretted, but sympathy for them did not justify allowing the Attorney General to be sued when, as a matter of law, he was not a proper party.

# MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

## Dismantling the Dow bureaucracy

**Christopher Lorenz examines the chemicals giant's drive for innovation and diversification in Europe**



Al Prince: taking Dow into glass fibre pipes, car bodies, and other "specialities"

TWO YEARS ago this week the small town of Horgen, on the shores of Lake Zurich, received a disconcerting new resident into its midst: Al Prince, a larger-than-life American maverick.

A thick-set man who wears cowboy boots and sports a large "Wabash" sticker in the rear window of his gleaming copper-coloured Audi—he is a steadfastly proud graduate of that Indiana college — 57-year-old Prince still cuts an incongruous figure among the restrained Swiss citizenry.

His impact on the almost equally conservative culture up the hill, at the European headquarters of Dow Chemical, has been even more dramatic and direct. In double quick time this preacher of "corporate entrepreneurship" has helped teach a bunch of bureaucratic executives how to be more innovative. In the process he has sparked the creation of a set of new businesses which, by the early 1990s, could be producing a revenue of approaching $1bn a year from such widely differing chemical "specialities" as advanced composite materials for aircraft manufacture and zip-up plastic food bags for use in the domestic kitchen.

Dow's dogged drive to diversify at high speed away from commodity chemicals, and into higher value specialities, was described on this page last Friday. It is succeeding only because of the company's readiness to adopt unusual organisational solutions and put unconventional people into key posts.

Prince fits the bill perfectly. One of Dow's longest-serving research and development managers, yet one of the least bureaucratic people imaginable, he was a member of the original three-man "innovation and development department" formed in early 1979 at the company's worldwide headquarters in Midland, Michigan, to begin the process of plunging into specialities.

The unit's task was both to spot new business opportunities, and to stimulate line managers throughout Dow into finding, and growing, their own new ventures. In the jargon of the innovation literature, it had to function both as technological "gatekeeper" and product champion, as well as in its prime role as organisational catalyst.

In 1982 Prince was persuaded by Denis Wilcock, Dow Europe's R & D chief and Tom Sparta, its commercial vice-president, to start doing the same thing all over again on the other side of the Atlantic, based at Horgen.

Within hours of his arrival that cold December, Prince had plunged into the task of spreading the gospel among key technical and marketing staff in Dow's 12,000-strong European organisation. But the going was far from easy. Although top management had been banging the diversification drum for over two years, and though everyone knew only too well that Dow's earnings from commodity chemicals had slumped disastrously during that time, Prince got a decidedly doubtful reception at his first of many meetings with a group of middle-ranking development staff.

He opened the session with half an hour's explanation of the thinking which had gone into the company's new strategy, including its analysis that it would need a drastic increase in the rate of new product launches if it was to restore its traditional rate of profits growth.

He talked at length about the company's need "to learn to do things differently," including getting closer to the customer, and finding new uses for existing products, as well as new products themselves. He stressed the importance of moving faster, putting better people in charge of new projects, and a whole host of other actions. "Everyone in this room is in the diversification business," he declared.

Yet after all that he was still badgered with sceptical questions such as "how firm a project is this?"

It was from this unpromising beginning that Prince had gradually to establish his credibility, and that of his mission.

One of the middle managers present at that first meeting, Anders Larson, now says that in 1982, when he came down from Stockholm to join Dow Europe's films and foams department, "there were not many new products around." In his particular part of the business, "Styrofoam" (polystyrene foam used mainly for insulation), "the last new product Dow had presented to the market was 10 years before."

But over the past two years, reports Larson, "the attitude of the whole company has changed. Now if we bring new ideas forward, there seems to be a lot of encouragement. Before, it was quite tough to get development funds, but now enough are available. And there's also a lot more time to spend on development work."

As R & D chief Denis Wilcock explains, this is partly due to an increase in funds (about 20 per cent in the last two years), and also because of an expansion of staffing: in just the last 18 months he has expanded his department by a fifth, to 600.

In some product areas, further benefit has been gained by transferring the R & D staff's original market servicing function to technical sales representatives out in the field. As Larson says, the net result is that "a lot more engineers are available for development work" (as opposed to research or service back-up). This is a crucial change if Dow is to continue meeting its new objectives of "growing" new speciality products, and of "downstreaming" existing chemicals into specialised applications for particular types of customer.

In the case of the Styrofoam unit in which Larson works, this policy has already paid dividends. After the near-barren 1970s, the unit has launched three new products in the last two years, and he says "several others are coming to the boil or cooking."

In order to bring Larson and his fellow chemists and engineers closer to their particular marketplace, and to focus their efforts, there has just been a radical reorganisation of the Styrofoam "product management team," which includes production and marketing, as well as development. Having handled 10 major products for many years—" but no new ones," as Larson reiterates, the group has been split into three parts. One of them, "building elements," is responsible for developing the market for just two products, both of them new.

Higher up the organisation, Dow Europe has not felt it necessary to reorganise itself as dramatically as its U.S. parent. Frank Popoff, president of Dow Europe, explains that his organisation "has three or four fewer levels of management than does the U.S., on both the commercial and the technical sides. So lines of communication are already pretty short, and decisions can be taken reasonably quickly.

In addition to the development work initiated by Larson and his counterparts in other parts of Dow Europe's product organisation, Al Prince's independently funded "diversification department" has injected a number of new projects. As well as financing 20 development staff working on diversification projects in the existing line structure, he has a small staff of seven which is incubating several projects itself, on the grounds that they do not fit anywhere else in the company.

The first two of the 20 projects which Prince is nurturing by this twin approach will be launched on the market within a year (they are still secret). He expects half the 20 to achieve annual sales of $50m each by 1990, and that some could grow very much larger.

The other main plank of Prince's work has been identifying small "beachhead acquisitions," costing up to about $6m apiece, which will give Dow a foothold in new technologies and markets which it has defined as particularly attractive propositions for diversification (the criteria for this are extremely flexible, requiring only that new businesses should be related in some way with the company's existing technical or market strengths).

Dow Europe has made nearly a dozen such acquisitions since Prince's arrival, several of them in composite materials and food packaging. They include: Sipap, a French maker of glass reinforced plastic piping; Seger & Hoffmann, a specialist German composites engineer, which makes bodies for Audi's rally cars and other premium products; and Domopak, an Italian maker of food packaging, which also provides a new outlet for a highly successful Dow consumer product in the U.S. "Ziploc" plastic bags for food. In other fields, Dow has bought Poliber, a Spanish maker of speciality foam products, and in eurethane products it has established a joint venture with another Italian company, Corradini.

Taken together, Dow expects these acquisitions to add $300m of extra sales by 1990, as part of the overall $1bn "tab" with which Prince is associated. Other such deals are on the way.

Despite Dow's awareness that large companies can all too easily crush the entrepreneurial flair out of small new subsidiaries, not all the takeovers have gone smoothly. "We almost ripped our breeches with Sipap," admits Frank Popoff; to mix an already painful metaphor, Dow tried to embrace its offshoot too tightly in its clutches, and had to step back after imposing too many of its own views and procedures.

Just over a year ago a high level "director of new ventures" was appointed to "fend off the tendency to overwhelm new acquisitions," as Popoff puts it. Thanks partly to that, Sipap's sales force is still separate from Dow's. "One has to make a judgment about when a company should be 'Dow-ised' and when not — some never will be," concedes Popoff.

The idea that certain existing specialities also need separate sales channels has been championed successfully by Dow's commercial managers, who seem to be reacting surprisingly well to the need for greater innovation and market responsiveness. Among many other changes on the commercial side are growing specialisation ("focusing") of the established sales force, and the development of new incentives for field sales people.

At a more senior level, the commercial development heads are certainly coming under strong pressure to play their own part in the diversification drive: and at this month's regular end-of-year review meeting their bosses, the six commercial directors of Dow Europe, in turn were told by their vice-president Tom Sparta, to give special emphasis to progress reports on diversification.

All in all, Al Prince commends "the way that a lot of the different elements in the organisation have picked up the need for diversification, and are doing something about it."

With that, and the beginnings of a tendency for individual performance reviews to include the question "what have you done that's new?"—a trend which still has a long way to go, however—Prince reports that he has been able to ease up on the sort of evangelising which has been a prime part of his job since he arrived at Horgen. He is delighted, he says, to have been proved wrong in his fear a year ago that many people's newfound commitment to innovation would slip back when Dow's basic business recovered, as it has in 1984.

Instead, he says, "most of my time is now taken up with helping the organisation get the right projects staffed with the right people. Having spent most of the last 20 years just extending and modifying its existing product line, the company hasn't trained many people who can find a new product and take it to market." Despite more hiring of experienced outsiders, he says that "if there's a bottleneck in our diversification, then this is it."

By the sound of it, Prince's evangelistic skills are needed as much as ever, but this time in the upper echelons of the organisation, rather than down below. Changing a company's culture is a tricky and time-consuming process, no matter how energetic and enthusiastic the agent of change may be.

## Management abstracts

**Ethics and management style.** M. A. Brown in Journal of Business Ethics (Netherlands), Aug 84 (8 pages, table).

Outlines two historical ethical positions (the Protestant ethic and humanism) and relates them to two styles of management; examines the growth of the Christian evangelical movement in U.S. and the impact of its beliefs on those of managers.

**Alternatives in employee compensation.** R. J. Sokol in Business Quarterly (Canada), Summer 1984 (6 pages).

Argues for a more financial perspective in using compensation to motivate employees; suggests, eg, that employees should be encouraged to participate in establishing "risky" projects, by sharing in the subsequent returns, that compensation packages should vary with the risk taken; that salary policy be flexible to assist cash flow, eg by minimising wages during unfavourable business conditions, with the promise of deferred compensation; and that more use be made of non-monetary incentives.

**Smoker segregation.** P. Garfinkel in Across the Board (US), July/August 1984 (6 pages).

Reviews moves—headed by the city of San Francisco—to curb smokers at work; looks at the arrangements companies are having to make to prohibit or restrict smoking, and summarises evidence that non-smokers are put at risk by being in the proximity of smokers; quotes one study which puts the additional cost of employing a smoker as high as $4500 a year.

**Stress resistance during period of change.** M. Pines in Across the Board (U.S.), July/Aug 84 (6 pages)

Describes a study by industrial psychologists which found that executives who avoided illness during a stressful time had developed a "hardiness"—seeing change as a challenge, having strong commitment to their jobs, and having a sense of control over events; describes how these findings were verified when Illinois Bell changed—fairly traumatically—from being part of the telephone monopoly to being an independent operating company.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

# TECHNOLOGY

EDITED BY ALAN CANE

BRITISH GAS JOINS FORCES WITH INDUSTRY TO IMPROVE FURNACE DESIGN

## Gentle heating for tougher drills

BY PETER MARSH

A COMPANY that makes drill bits for rock-boring has cut energy costs and increased the sophistication of its products with the help of a novel furnace developed by British Gas.

The furnace is based on work in high-temperature indirect heating of materials—where heat is supplied by radiation rather than by a direct flame—at the Midlands Research Station of British Gas at Solihull.

RH Furnaces of Worcester is selling hardware based on the British Gas design. Such furnaces would sell for £10,000 to £20,000, according to engineers at British Gas.

The equipment has applications in industries such as toolmaking and pottery that want a controlled way of radiating heat, for instance to sinter (coalesce into solid) metal powders.

Indirect heating is especially useful in many companies (in tool-making, for example) that make components based on precisely mixed quantities of alloys. For such enterprises direct heating using a gas burner is often not applicable. The materials such as soot evolved during combustion could contaminate the item under manufacture, reducing its strength.

In the ceramics industry, indirect heating is useful in firing operations, for instance, to change the physical structure of a material to toughen it. In such operations, direct heating can induce convection currents in the air around the substance that infiltrate dust into the surface, for example damaging a glaze.

For companies in such industries, indirect heating using electricity rather than gas is an obvious alternative. But electrical techniques can be expensive — especially where the heat treatment requires high temperatures of above 1,000 degrees C.

Craelius, a company in Daventry that is part of the Foseco Minsep group, is the first concern to use the British Gas furnace as part of a routine industrial operation. In a vital part of Craelius's production process, metal toughened with industrial diamonds is moulded into the right shape by heat treatment.

The Daventry company, which employs 45 people and has a turnover of £2m in the UK, helped British Gas during the development work and so paid less than the commercial rate for its furnace.

The drill bits, which cost between £100 and £1,000, have to be hard-wearing. They are attached to the end of drill rigs in boring operations, for example in minerals prospecting or to test foundations in civil-engineering work. The bits have to bring to the surface specimens of rock for testing.

Craelius reasoned that in its production process it would get better results by heating the metal in an atmosphere of an inert gas. This cuts out the possibility of oxidation that reduces the hardness of the finished product.

But existing techniques to heat materials in such an atmosphere — and at the high temperature of 1,100 degrees C that the process requires — left much to be desired.

Direct radiation with conventional gas burners was not a good solution. In this technique, the burners take a long time to heat up and use a lot of gas.

> Craelius, a company in Daventry, is the first British concern to use the British Gas furnace as part of a routine industrial operation

Furthermore, with this procedure the products of combustion could contaminate the inert gas, a mixture of hydrogen and nitrogen.

The other alternative tried by Craelius was firing in an electrical furnace, which supplies heat by an induction coil. But energy costs were high and the hardware produced heat in a relatively "uneven" fashion, producing hot spots of higher temperatures that reduced the toughness of the finished bit.

In the British Gas development, engineers turned to a method of indirect heating that has been used for years. In this, a gas jet is ignited inside a tube — the tube heats up and radiates heat to the surroundings.

Furnaces that work by this method normally use metal tubes, based on nickel and chromium alloys for example. But in hardware to produce temperatures of more than 1,000°C, most metal tubes are useless. Long before this temperature is reached, they will either have melted or suffered severe deformation.

The answer, British Gas engineers decided, was to turn to tubes made from a ceramic substance—a mixture of silicon carbide and silicon nitride.

The component, about a metre long and 20 cm in diameter, has to be compressed length-ways with a press to ensure it does not crack at the high temperature.

Gas is directed along the tube and ignited. A heat-recovery system collects hot combustant gases and transfers their energy to an incoming flow of air.

In the Craelius process, workers load into a furnace based on this technique a series of containers. These vessels, shaped like bell jars, are filled with nitrogen and hydrogen and contain steel blanks that rest on graphite moulds.

In set positions in the moulds are tiny industrial diamonds, the size of pieces of grit. Workers also pour into the mould metallic powder based on tungsten. On heating, the diamonds and powder coalesce and take up the shape of the mould, producing the tip of the drill bit. The heat also fuses this coalesced material to the steel blank—which forms the attachment to the drill rig.

The moulds, with the blanks and diamonds inside them, spend about 45 minutes inside the furnace during the heating stage. Mr John Whitehead, managing director of Craelius, says the furnace gives a better product due to the particularly even heating that it supplies.

As a result, engineers can exert better control over the positions into which the diamonds are set in the finished product. Drill-bit hardnesses have increased by 20 per cent for specific applications. So they last longer before churning through rock renders them useless.

Unloading drill bits from the new ceramic radiant tube furnace at the Daventry works of Craelius, part of the Foseco Minsep group

The new furnace is responsible for virtually all the Daventry company's output of about 150 bits a week. Craelius is keeping its electric furnace for bits made in very small production runs, but is about to dispose of its previous workhorse, an old gas-fired furnace that works by direct heating.

According to the company, the new equipment uses half the energy of the old gas-fired furnace.

A.E. Turbines of Leeds is due to take delivery of a second commercial version of the furnace. The company will use the hardware in heat-treatment of turbine blades for aircraft engines.

British Gas installed a prototype version of the equipment several years ago in the Sheffield factory of Walter Lawrence, a tool maker. This company applied the furnace in heating up metal blocks prior to forging between dies. Two other enterprises, both in the pottery industry in the Midlands, are interested in using the furnace in firing ceramics.

In another set of applications for the radiant heating device based on the ceramic tube, British Gas has developed a machine to melt metal, in smelting and galvanising works for example. The ceramic tube heated by gas burners is dipped into the metal being treated. In these cases, relatively low temperatures are involved—from 450 deg C to 750 deg C.

Immersion tubes of this kind have been installed in several engineering companies. ISC Alloys of Bloxwich and Commonwealth Smelting of Avonmouth are melting zinc with the devices. Wolverhampton Die Casting is assessing the application in melting aluminium before feeding the metal to die-casting machines. Burns Engineering, based in Warley near Dudley, has a licence from British Gas to exploit the technology in making commercial versions of the hardware.

REACTION INJECTION MOULDING

## Faster methods of component making

BY ELAINE WILLIAMS

THE NEED for lighter plastic components which can replace metals in car bodies, for example, is providing stimulus for reaction injection moulding, a relatively young process.

This technique involves fewer stages than conventional plastics moulding. It is a process where all the chemicals, usually in liquid form, needed to make a particular plastic are simultaneously mixed and injected into a mould where they react to form a solid component. Conventional techniques involve making the plastic first before the moulding stage.

Reaction injection moulding, RIM, cuts the whole process in half, saves energy and allows quite large, strong parts such as car doors. General Motors in the U.S. has just completed a two-year evaluation of the technique and will make car fenders using RIM from next year.

> *Monsanto has 62 projects* involving nylon RIM of which only three are commercial

When RIM was developed about six years ago, polyurethane was the plastic used. Last year, Monsanto has adopted nylon as its material though polyesters, epoxies and acrylics can also be made by reaction injection moulding. As well as the GE fenders, its system is being for the bottom of a snowmobile by Ockelbo, a Swedish boat manufacturer and for buckets by Leeds-based Braine Buckets.

Because the RIM made materials are tough, resistant to corrosion and impact, one application has put a nylon RIM welding case for equipment used to weld pipes along the Alaskan pipeline where the case must not crack even at temperatures as low as −30 degrees C.

Monsanto, for example, has 62 projects involving nylon RIM of which only three are commercial. The company believes that the potential market will reach 40m lbs within the next decade because of its ability to replace steel and other metals especially in large parts and its lower cost. GE's car fender costs 10 per cent less than its metal equivalent.

The automotive industry is the first sector to adopt RIM on any scale and many car makers have the process under evaluation. The Renault Rodeo, sold only in France, has panels made from polyurethane RIM while Aston Martin has used bumpers made from the same material. Polyurethane is particularly applicable to car spoilers, lorry mudguards, and bumpers.

Now companies are looking at ways of modifying RIM materials further with the additon of rubber or re-inforcing agents such as glass or carbon fibres. This allows larger components to be built. Also machine manufacturers are now developing the appropriate equipment for this sector.

Holden Hydroman in the UK recently developed a high temperature reinforced reaction injection moulding machine. This is designed for potential manufacturers to carry out research in applying the process to new materials. The Holden machine operates with reagents needing temperatures of up to 150°C. The machine allows reagent tanks which inject materials into the mould to be quickly and easily changed.

It also allows companies to experiment with mixing more than one type of material to create the plastic equivalent of a metal alloy. In this way new materials with some characteristics of the component plastics or even entirely different properties may be produced.

The first machine built by Holden Hydroman is being installed at Bradford University and sponsored by Holden, ICI and Scott Bayer to carry out this type of research work.



Computers

## Price cutting

THE PORTABLE computer market is a cut-throat place at the best of times. Now NEC, the Japanese industrial electronics and computer group, is stepping up its efforts to gain a share of the portable or lap-held computers. It hopes to have 24 per cent of this sector by 1986.

For a month it has reduced the price of its PC-8201 computer from £475 to £299. The company is likely to continue with the lower price to encourage further sales which have increased to 1,000 a month in the UK since the offer began.

Also NEC has put its efforts into offering more professional software for its lap-held machines. More than 30 programs, aimed at specific market sectors are planned which range in price from £80 to £28. Software includes spreadsheets, databases word processing, and general sales reporting programs.

Components

## Thin film disks

A STUDY to determine how to make reliable thin-film disks for computer data storage has been undertaken by Battelle Columbus laboratory.

These disks are tipped to take a large share of the computer storage market in the next few years. They differ from conventional storage disks because they are coated with a thin layer of nickel or cobalt-based materials instead of conventional magnetic oxides.

What is unknown with these type of disks is the effect of use and the environment — pollutants, temperature, humidity—on their performance.

# THE ARTS

## Arts Week

| F | S | Su | M | Tu | W | Th |
|---|---|---|---|---|---|---|
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |

### Opera and Ballet

**ITALY**

**Turin, Teatro Regio:** I Due Foscari conducted by Maurizio Arena with Licino Montafusco and Nicola Martinucci (Wed). (548000).

**Naples, Teatro San Carlo:** Carmen Story, the Ballet based on Bizet's opera with choreography by Antonio Gades, directed by Peter Brook (Tue). (418266).

**Milan, Teatro alla Scala:** A new Carmen directed and with scenery by Piero Faggioni – based on his 1977 version for Glyndebourne. Conducted by Claudio Abbado with Placido Domingo and Shirley Verrett alternating with Agnes Baltsa and Jose Carreras, also in the cast are Ruggero Raimondi and Alide Ferrarini (Wed). (809126)

**Rome, Teatro dell'Opera:** An eccentric production of Don Giovanni by the french director, Jerome Savary, conducted by Peter Maag with Silvano Carroli in the title role, Bruno Pola as Leporello and Winnifred Faix-Brown as Donna Anna (Wed). (461755)

**Florence, Teatro Communale:** A splendidly successful co-production with the Royal Opera House, Covent Garden of La Traviata (Franco Zeffirelli's direction, scenery and costumes) with the young Italian star of bel canto, Cecilia Gasdia – also in the cast are Peter Dvorski, Giogio Zancanaro and Edith Martelli. Conducted by Carlos Kleiber (Tue and Thur). (216253)

**LONDON**

**Royal Opera, Covent Garden:** The new production of Der Rosenkavalier, a happy achievement by and large, is distinguished by Georg Solti's masterly conducting and by the radiant Marschallin of Kiri te Kanawa. The notorious multilingual knees-up that the Royal Opera is pleased to call Die Fledermaus returns this time with a new Eisenstein in Thomas Allen and with Julius Rudel making his London opera-conductor's debut.(240 1066).

**Royal Ballet, Covent Garden** (240 1066): Swan Lake (Wed).

**Sadler's Wells, Rosebery Avenue:** Sadler's Wells Royal Ballet opens a season on Tuesday with a good quadruple bill, repeated on Wednesday. (278 8916).

**WEST GERMANY**

**Berlin, Deutsche Oper:** Hänsel und Gretel, the fairy tale opera, brings together Janis Martin and Helga Wisniewska as leads. Premiering this month is Hoffmann's Erzählungen, produced by Giancarlo Del Monaco, with Lucia Aliberti as Olympia and Neil Shicoff, in the title role, making his Berlin debut. This week's highlight is Don Carlos, with star singers Katia Ricciarelli, Agnes Baltsa and Martti Talvela. Der Barbier von Sevilla rounds off the week. (34381).

**Hamburg, Staatsoper:** Premiering this week is My Fair Lady, produced by Karl Wesseler. Boy Gobert plays Henry Higgins, with Gabriele Ramm as Eliza Doolittle. Fidelio is of respectable standard with Lisbeth Balslev, Franz Ferdinand Nentwig and Hans Sotin. Hänsel und Gretel features Elisabeth Steiner and Jutta-Renate Ihloff. Cosi fan tutte, a Götz Friedrich production, is conducted by Hans Zender, the new director. (35 1151).

**PARIS**

**Operetta Season at the Théâtre Musical de Paris:** La Fille de Mme Angot alternating with Strauss's Fledermaus combines high musical quality with the fireworks of a great show. TMP-Châtelet (2611983).

**NEW YORK**

**Metropolitan Opera (Opera House):** James Levine conducts Elektra in the season's last two performances with Simon Boccanegra with Sherrill Milnes playing Verdi's powerful doge and Jean-Pierre Ponnelle's new production of La Clemenza di Tito. Il Barbiere di Siviglia is conducted by Silvio Varviso with mezzo Julia Hamari and baritone Leo Nucci. Lincoln Center. (362 6000).

**New York City Ballet** (New York State Theater): The 81st season will have the 100th performance of The Nutcracker during its month-long performances. Lincoln Center (870 5570).

**WASHINGTON**

**Washington Opera** (Terrace): The season continues with a new production of La Sonnambula and a revival of Menotti's The Medium & The Telephone. Kennedy Center (254 3770).

**CHICAGO**

**Lyric Opera** (Civic Opera): Final performances of J. Patrick Raftery as Figaro and Kathleen Kuhlmann as Rosina in Il Barbiere di Siviglia; Eva Marton as Richard Strauss's Die Frau ohne Schatten. (332 2244).

**NETHERLANDS**

**The National Ballet** on tour with its Stravinsky programme, consisting of Agon, Monumentum Pro Gesualdo, Movements for Piano and Orchestra (all Balanchine) and Orfeo (Toer van Schayk). Mon in Venlo, de Maaspoort (43131). Tue, Wed (two performances) in Amsterdam, Stadsschouwburg (242311). Thur in Heerlen, Stadsschouwburg (716667).

**Nijmegen, Schouwburg:** The Royal Ballet of Flanders with The Three Sisters choreographed by Valery Panov to the Music by Rachmaninov (Tue). (221100).

**BRUSSELS**

**Theatre Royale de la Monnaie:** Pelleas and Melisande, conducted by Sylvain Cambreling, directed by Andre Delvaux with Jerome Pruett, Jose van Dam and Christine Barbaux (Tue). (218 1211).

**VIENNA**

**Staatsoper:** Ariadne auf Naxos conducted by Hollreiser with Janowitz, Gruberova, Ziegler. Arabella conducted by Stein with Popp, Ghazarian, Weikl, the Nutcracker, choreographed by Grigorowitsch; Salome conducted by Hollreiser with Jones, Hesse, Slania, Weikl. (5324/2655).

**Volksoper:** La Boheme conducted by Marzendorfer, Die Fledermaus; Donizetti's Daughter of the Regiment. (5324 / 2657).

### Theatre

**TOKYO**

**Kabuki (National Theatre):** Daikyoji Mukashigoyomi by Japan's most important classic playwright, Monzemon Chikamatsu, centres on the love-suicide of a merchant's wife and shop clerk. The play includes scenes in Bunraku puppet style, showing the close relationship between these two 17th century types of theatre. Yoshiwara Suzume is a dance featuring husband and wife peddlers in the Yoshiwara pleasure quarters of old Tokyo. English programme and earphone guide. (2657411).

**Takarazuka All Girls Revue** (Takarazuka Theatre, near Imperial and Palace hotels: Two original musicals, Meltantei Wa Hitori Chi (a detective comedy) and Lala Flora. This troupe, a Japanese speciality with the girls playing the male roles, is the counterpart of Kabuki. Spectacular and technically good, simple plots and English synopsis. (591 1711).

**NEW YORK**

**Sunday in the Park with George** (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring Georges Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

**Torch Song Trilogy** (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

**Dreamgirls** (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

**On Your Toes** (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rodgers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

**Brighton Beach Memoirs** (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

**The Real Thing** (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

**Glengarry Glen Ross** (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

**WASHINGTON**

**Crossed Words** (Folger): A Christmas season pantomime is not much of an American tradition, but with John Neville-Andrews, an English head of the company, and the Globe Theatre as the setting, there is hope it can still catch on. Ends Jan 6. (546 4000).

**LONDON**

**The Real Thing** (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

**Daisy Pulls It Off** (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

**Noises Off** (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

**Starlight Express** (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

**On Your Toes** (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

**42nd Street** (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

**Two Into One** (Shaftesbury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce by Ray Cooney in the old Whitehall tradition. An irate manager, Lionel Jeffries, declares: "There's far too much sex going on in this hotel, and I'm not having any of it." Not to be missed. (379 5399).

### Music

**LONDON**

**London Symphony Orchestra** and Chorus conducted by Richard Hickox with Richard Jackson, baritone. Rossini, Tchaikovsky, Vaughan Williams and Leroy Anderson. Barbican Hall (Mon and Thur). (638 8891).

**London Symphony Orchestra** and Chorus conducted by Richard Hickox. Elgar, Corelli, Vaughan Williams and Handel. Barbican Hall (Tue).

**Royal Philharmonic Orchestra** and Pro Musica Chorus of London conducted by Nicholas Cleobury with David Wilson-Johnson, baritone. Rossini, Britten, Prokofiev, Mozart, Tchaikovsky and others. Royal Festival Hall (Tue). (928 3191).

**PARIS**

**Emil Gilels**, piano recital (Mon) Théâtre des Champs Elysées (723 4777).

**Ensemble Intercontemporain** conducted by Michel Tabachnik, New London Choir conducted by James Wood: Iannis Xenakis (Mon). Théâtre de La Ville. (274 2277).

**Stuart Burrowes** recital, John Constable, piano: Händel, Beethoven, Fauré, Strauss (Mon). Théâtre de l'Athénée (742 6727).

**Ensemble Orchestre de Paris:** Soloists and Quatuor Via Nova: Debussy, Messiaën (Mon). Théâtre du Rond Point (256 7080).

**NEW YORK**

**New York Philharmonic** (Avery Fisher): Zubin Mehta conducting, Joseph Robinson, oboe. Wolf, Beethoven, George Rochberg: Oboe Concerto (world premiere) (Tue); Zubin Mehta conducting, Barbara Hendricks, soprano with New York Choral Artists conducted by Joseph Flummerfelt. Bach, Verdi, Mozart, Debussy (Thur). Lincoln Center (799 9595).

**WASHINGTON**

**National Symphony** (Concert Hall): Vittorio Negri conducting with Oratorio Society of Washington directed by Robert Shafer. Handel: Messiah (Mon). Kennedy Center (254 3776).

**CHICAGO**

**Chicago Symphony** (Orchestra Hall): Margaret Hillis conducting with Chicago Symphony Chorus. Bach, Parry, Poulenc, Honegger (Thur). (435 8122).

**BRUSSELS**

**Palais des Beaux Arts** (512 5045): Brigitte Engerer. Piano recital (Tue).

**Jeanette Pilou**, soprano, and Erik Werba, piano – Debussy, Poulenc, Duparc, Fauré. Théâtre Royale de la Monnaie (Wed).

**VIENNA**

**Moscow Virtuosi:** Vladimir Spivakov, violin; Yurij Bashmet, viola; Antonio Meneses, cello; Mozart, Haydn and Tchaikovsky. Musikverein (Mon). (65 8190).

**Christian Krattenthaler**, piano, Beethoven, Brahms and Chopin. Bosendorfer Saal (Tue). (65 6651).

**Josef Suk**, violin, Josef Hala, piano. Dvorak, Janacek, Suk and Smetana. Musikverein (Wed).

**NETHERLANDS**

**Rotterdam**, de Doelen. The Raphael Trio. Schubert, Brahms, Dvorak (Recital Hall, Tue): Joop Schets conducts the National Philharmonic, with the Sursam Corda Oratorio Society and soloists, in Messiah (Thur); Guitar recital by Diego Blanco. Sor, Walton, De Falla, Albeniz (Thur). (14 2911).

**ZURICH**

**Tonhalle:** Tonhalle Orchestra with soloists including Lorengar and Gedda conducted by Christoph Eschenbach in Verdi's Requiem (Wed and Thur). (201 1580).

**WEST GERMANY**

**Berlin**, Philharmonie: Berlin Philharmonic Orchestra, conducted by Seiji Ozawa. Mendelssohn, Berg and Schubert. (Tue, Wed).

**ITALY**

**Rome**, Auditorio di via Della Conciliazione: Giuseppe Sinopoli conducting Schumann's Das Paradies und die Peri with the soprano Elisabeth Connell, also Anne Sofie von Otter (mezzosoprano), and Vinson Cole and Peter Wimberger (Mon and Tues). (654 1044).

**TOKYO**

**Jorg Demus**, piano: Schumann, (Wed, Thur) Ruderu Ichigaya Centre (483 0223: 293 1951).

**Tokyo Madrigal Singers**, conducted by Peter Kurosawa. Carols and seasonal madrigals. Admission free. Daichi Seimei Hall, Hibiya. (Tue).

### Exhibitions

**PARIS**

**Le Douanier Rousseau:** Extraordinary tropical vegetation with exotic flowers, gently poetic images of Paris and its surroundings, dignified portraits of himself and his friends fill Douanier Rousseau's canvases. Self-taught, appreciated by Apollinaire yet cruelly mocked by others, he found an escape from the daily humdrum existence in the dream world of his paintings. Grand Palais, 10am-8pm, Wed till 10pm, closed Tue. Ends Jan 7. (260.39.26).

**The influence of French and Italian** schools and fidelity to their national inspiration, the fascination with reality and romantic idealism, produced two contradictory tendencies in German painting in the second half of the 19th century. On the one hand, Arnold Böcklin, the symbolist, continues to mediate and dream of poetry and mytology. On the other hand the violence of colours of the New Realists announces 20th-Century Expressionism. Petit Palais, closed Mon. Ends Jan 13 (265.12.73).

**BRUSSELS**

**BBC exhibition** on radio services and television including the French service and world service. Hotel de ville. Ends Jan 5.

**Michele Purnal** – paintings and drawings. Galerie d'Egmont. Ends Dec 28.

**The Written Word:** Origin and Progess – Société Générale de Banque. Ends Jan 3.

**NETHERLANDS**

**Amsterdam**, Allard Pierson Museum: Similar But Different, an exhibition marking the archaeological museum's 50th anniversary, is devoted to daily life in Egypt, from 3500 BC to 600 AD. Not grandeur, then, but domesticity, as the visitor is led through a series of small rooms (one a re-creation of an Egyptian interior) displaying everyday objects, delicate faience work, jewellery and religious artefacts. Richly illustrated catalogue. Ends Jan 1985. Concurrently, on the top floor, a remarkable display of the earliest photographs (1839-1860) of the monuments lining the Nile.

**WEST GERMANY**

**Cologne**, Museum für Ostasiatische Kunst, 100 Universitätsstrasse: The Museum of Far Eastern Art is showing Korean art – some of which is more than 5,000 years old. It includes extremely thin-walled storage jars with scratch patterns, bronze and stone weapons; glazed vessels, woodcut prints, gold sheeting and gold ornaments, pearls, green jade and glass, a sepulchral crown, bronze figures and tombstone reliefs. Ends Jan 13.

**Munich**, Villa Stuck, 60 Prinzregentenstrasse: 80 coloured drawings from between 1880 and 1917 by Gustav Klimt, the Austrian chief protagonist of Viennese *Jugendstil*. Ends Jan 27.

**VIENNA**

**Fanny Elssler:** This charming exhibition already shown in New York celebrates the dazzling career of the 19th century Viennese ballerina who died 100 years ago. Fanny Elssler, daughter of Haydn's valet, took Europe and America by storm in the 1840s – and broke a few hearts on the way. Costumes, posters, letters and other memorabilia evoke a beautiful and talented woman. Opera House. Ends Dec 30.

**LONDON**

**The Hayward Gallery:** The Drawings and Sculpture of Matisse. The Arts Council has brought together two major exhibitions, each of which deals with a major aspect of Matisse's work. But though both are to got on elsewhere, they are not to do so as one; which makes their London showing an opportunity not to be missed. The entire sculptural *oeuvre* is shown, 69 bronzes in all (it goes on to Leeds in the New Year), for the first time in this country; and the selection of drawings represents the largest retrospective study ever to be seen in London or New York (it goes to the Museum of Modern Art in the spring) of this fundamental preoccupation. It is a delightful, at times surprising and always an enlightening conjunction, most useful for the insight into the relation between his sculpture and drawing in the earliest years of the century, the crucial period of his first maturity. The clear hint is that if the painting of Matisse was qualified and informed by the drawing, so, in that very first period at least, it was the sculpture that gave the drawing its radical freedom and simplicity. Ends Jan 6.

**The Tate Gallery:** George Stubbs – the critical rehabilitation of our greatest horse painter continues with this magnificent exhibition, which clearly proposes him not only as our pre-eminent artist of the 18th century but as second only to Turner. The fact that we still designate him Horse Painter is at the root of the problem, for his popularity on that count, and his inclination to specialise, have long conspired to disguise the fact that a painter of horses may as well be a great artist as a painter of landscapes, or people for that matter. Ends Jan 6.

**NEW YORK**

**Metropolitan Museum of Art:** Te Maori begins its U.S. tour showing the native treasures of New Zealand, with a rich Polynesian heritage of stone and ivory ornaments, bone and stone weapons and wood carving. Ends Jan 6.

**Museum of Modern Art:** Primitivism in 20th Century Art has much good modern work by Picasso, Max Ernst, Brancusi among many others as well as striking tribal objects from Asia, Africa and North America, but the theme itself seems meant to fill space more than provide a better understanding of the primitives or the moderns. Ends Jan 15

**WASHINGTON**

**National Gallery:** Old Master Drawing from the Albertina, celebrating two centuries of Austro-American relations, includes Dürer's Praying Hands among the 75 works by Fragonard, Rembrandt, Pieter Bruegel the Elder, Lucas Cranach the Younger, and others. Ends Jan 13.

**CHICAGO**

**Museum of Contemporary Art:** Celebrating the foresight of local collectors, Dada and Surrealism in Chicago Collections includes more than 300 works by Dali, Ernst, Magritte, Miro, de Chirico, in mixed media including sculpture and photographs as well as paintings and drawings. Ends Jan 27.

**TOKYO**

**Buddhist paintings:** 20 scrolls including masterpieces designated as important art objects and cultural properties. Okura Shukokan Museum (at Okura Hotel), Ends Dec 20.

**ITALY**

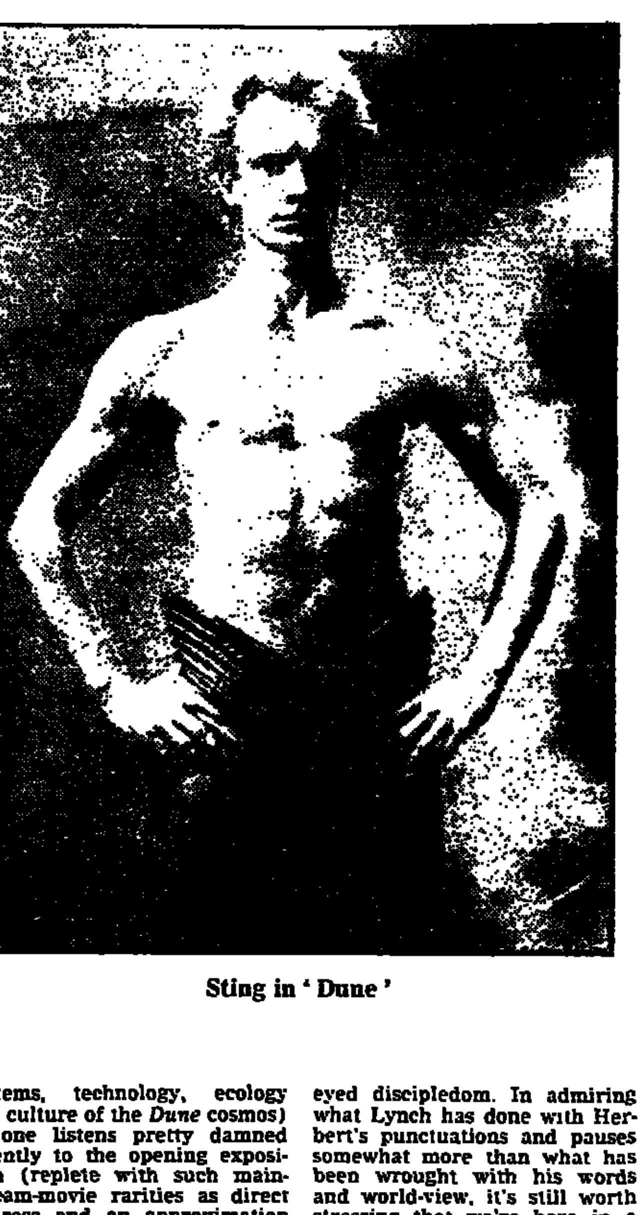
**Venice:** Museo Correr. Drawings by Gian Antonio and Francesco Guardi, a delightful exhibition of 250 drawings by the brothers, including, among the subjects, the famous views of the city by Francesco. (Closed Tue). Ends Jan 31.

**Rome**, Braccio di Carlo Magno. Raphael in the Vatican: the last in a series of exhibitions which have been held in Paris, Rome, Florence and Urbino, marking the 5th centenary of the painter's birth. The exhibition contains material from the secret archives. The Vatican Library and the Papal apartments, and is a wonderful chance to see objects not usually on public view, and the details of inaccessible frescoes. Until Jan 16.

## Cinema/Paul Taylor

# All at sea in the desert

**Dune**, directed by David Lynch
**The Last Starfighter**, directed by Nick Castle
**Caravan of Courage**, directed by George Lucas
**That's Not All, Folks!** directed by Tex Avery



Sting in 'Dune'

One's not supposed to react to mega-buck movie investments with a shrug-shouldered quizzical stare. Strength of feeling and certainty of orientation should be all when one's faced with a classily epic adaptation of a sizeably-culted 'property,' such as the long-heralded movie version of Frank Herbert's 1965 sci-fi novel *Dune*. Lukewarm ambivalence isn't part of the ideal equation in either critical or marketing terms when the statistical side of things incorporates such awesome amounts as the cumulative 60m copy sales figure for the book, or the $45m production budget for the *Dino de Laurentiis Presentation*. Yet. . .

Herbert's narrative — a minutely detailed, immodest conflation of Islamic, Biblical and Shakespearian motifs with sci-fi staples—survives its transportation pretty much intact: the most mixed of blessings. At one level, fidelity to its source requires of *Dune* that it expend a couple of reels on almost pure exposition, to set the parameters of its fictional universe. While at another, the worrying simplistic fundamentalism of the book's politico-religious overtones is all too clearly exposed when physically embodied. (As are the unfortunate correspondences with today's Middle Eastern situation.)

The reputation of director David Lynch (*Eraserhead*, *The Elephant Man*) similary survives: though his hitherto idiosyncratic signature doesn't. Mounting this monumental mythology with impressively lavish visual imagination, and coping admirably with both the labyrinthine logistics and cosmopolitan cast that are the inevitable inheritance from de Laurentis, Lynch here brings some of the same bold audacity to transposing an overload of narrative material as he did to working with no narrative whatsoever in *Eraserhead*. But he can hardly help succumbing to the reventlal rhetoric imposed by the sheer enormity of the production.

"Something like Buck Rogers meets the Elephant Man" was what Lynch rather self-mockingly claimed to be after, but such quipping can hardly dent the gravitas when the space-cowboy surrogate here is in fact a Messiah, a future super-human product of genetic engineering involved in interglactic intrigues both mystic and mundane, in leading his chosen people across the deserts of Arakis, an din fighting a holy war to monopolise the universe's most valuable underground commodity.

Such a thumbnail synopsis is frankly of little use tothe uninitiated, though. Either one knows the book (with its arcane appendices and glosary of terms for the power relations, belief systems, technology, ecology and culture of the *Dune* cosmos) or one listens pretty damned intently to the opening exposition (replete with such main-stream-movie rarities as direct address and an approximation of advanced classroom graphics), or one is seriously lost amid the multiple manoeuverings of the Atreides, the Harkonnes, the Fremen, the Bene Gesserit, *et al*. A formidable and oddly pedantic coherence there is, but it's fair to assume confusion as a likely response from the uncommitted, while the steely coldness of a movie so wrapped up in its excess of story threads means that even the reliable compensations of stunning production design, special effects and action set-pieces are not as independently seductive as they might be. The sense of straying unprepared into an elaborate alien ritual is pretty overwhelming.

The bok itself, or at least its reputation, is clearly intended stellar presence of the movie, though newcomer Kyle MacLachlan makes a slightly less wimpish skywalker than most of his heroic ilk, and a lengthy support cast of identifiable characters (from Francesca Annis to Silvana Mangano, and from Max Von Sydow to Sting) at least provide useful markers in the shifting narrative sands as they incarnate nicely pitched cameos of regality, villainy, grotesquerie, treachery or wide-eyed discipledom. In admiring what Lynch has done with Herbert's punctuations and pauses somewhat more than what has been wrought with his words and world-view, it's still worth stressing that we're here in a diffrent cinematic league from previous attempts to capture on celluloid the spirit of the essential '60s bookshelf. For all my half-hearted hedging, I can see Lynch's*Dune* lasting the repertory course a lot longer than Ralph Bakshi's *Lord of the Rings* or Fred Haines' *Steppenwolf*.

Simpler to be sure about is *The Last Starfighter*, an engaging enough comic fantasy for the post-'60s generation (*born* since 1970, that is) who've given up entirely on the Gutenberg Galaxy and are tracking Horatio Alger's footsteps via the video circuitry route. *For* them and, aptly, *about* one of them: a young video-game freak whose desperate aspirations to upward mobility are realised with dramatic literalism when he's whisked off to defend another galaxy by an alien disguised as Robert Preston. There's some genuine wit to Jonathan Betuel's debut screenplay and director Nick Castle's earth-level contextualisation of star-gazing ambition, and several neatly incredulous reactions from Lance Guest as the trailer-park golfer whose joystick mastery earns him a shot at saving the world. Preston as a cosmic con-man and Dan O'Herlihy as a reptilian gun-star navigator hold the veterans' end up with considerable panache, too. There is, however, much "digital scene simulation," where another level of literalism comes into play, and the movie periodically lets itself down by turning into a merely passive computer-graphic game chart.

*

A marginal *Star Wars* spin-off presumably prompted by George Lucas's desire to keep his expensive Marin County facilities (Lucasfilm, Industrial Ligt & Magic, Sprocket Services) ticking over between serial instalments, *Caravan of Courage* has already been networked on American TTV as a kids'-fare special under the title of *The Ewok Adventure*. The Ewoks, you may remember, werethe cuddly criters of the forest moon Endor whose knockabout scene-stealing in the third segment of the space to redub it "The Return of the Teddys." Here they're redeployed from the tie-in toy shelf for no less (and unfortunately no greater) a narrative task than the reassuring re-unification of a fragmented nuclear family; lending furry friendship to a bubble-haired moppet and her mini-macho brother after a spacecraft crash-landing parts them from their parents, and a rescue trek tothe local ogre's lair is called for.

Burl Ives narrates this terminally cute blend of special effects and saccharine sentiment, while directorial chores fall to the almost indecently versatile John Korty

The animators, of Hollywood's Golden Age of cartooning, meanwhile, receive overdue homage in a trio of compilation programmes, making their bow at the ICA before touring the BFI network of regional cinemas. Especially amid so much seasonal fuvenilia, the vintage three-minute gems of adult-oriented, graphic anarchy now available under the slogan of, *That's Not All, Folks!* appear startlingly sophisticated in their comic strategies.

While TV schedulers have been busily misrepresenting Looney Tunes and Merrie Melodies as suitable tea-time fillers, an academically-inclined groundswell has, belatedly, claimed the gag-strewn glories of MGM's and Warner Brothers' Termite Terrace output for the modernist pantheon. Accurately enough, though this particular tripartite selection (celebrating arch-extremist director Tex Avery, his studio cohorts at Warners and the in-house Hollywood spoof, and including much long-unseen material) is the sort of primer in cartoonal knowledge that demonstrates just how hard it is to be earnest about radically disjunctive film grammar—or, indeed, representational sociology—when you're laughing like a drain. Bugs Bunny as Groucho Marx, Avery's erotically aroused Wolf, the Roadrunner giving new meaning to the existential dilemma . . . sublimely subversive stuff.

## Melancholy Jacques/Bush

**Michael Coveney**

In his last work, *Rêveries du Promeneur Solitaire*, Jean-Jacques Rousseau considers the claims on his attention of botany in preference to writing. And so we discover Simon Callow laying out his potted plants, produced lovingly from inside an illuminated white tent. He recalls the idyllic properties, conducive to solitary meditation, of the Lake of Bienne. The stage has a floor of books, and Callow treads among them like so many stepping stones, a serene and quiescent botanist haunted by an odd snatch from his prentice opera, *Le Devin du village*.

Callow's voice is diberate but laced with a tinge of threatening sarcasm. Short red hair, careful movement: not exactly as combustible as one imagines Rousseau being, but this is a small-scale dream play, written by Jean Jourdheuil (who is the director) and Bernard Chartreux for Paris a few years ago and here translated by Christopher Logue. Callow's performance was seen at the Edinburgh Festival and it comes to London thanks to the Almeida Thearte, who have strong links with Strehler's current operation at the Odéon.

That said, and while applauding the venture and remarking yet again what an interesting actor is Callow, I have to own up to a slight sense of disappointment. Was not Rousseau very much more interesting than this rambling, halting, slightly precious man of cleansing memories, strangley repeated phrases and finical preparations of coffee on a little gas stove?

The show mixes passages from the *Rêveries* with excerpts from Rousseu's attack on the theatre in his Letter to d'Alembert. This was where Rousseau wished his home town of Geneva spared the moral corruption of a proposed theatre. Here Callow concentrates on his attack on Molière, and suddenly his objections to *Le Misanthrope* are decorated with the apparitions of doll-like versions of Philinte and Celimène.

The fixing of Rousseau in his trance-like state of meditation is beautifully done in Lucio Fanti's design, with its night sky, illuminated texts and sudden flurries of little plants and despised pages of Molière. Callow creeps up on you as an actor, no less compulsive a slight than when caught raging at full throttle as Tony Perelli or, years ago on this same stage, that other engaging old critical reactionary, Juvenal.

He caresses and unpicks his thoughts, suddenly releasing a plangent remembrance of a lover to whom he wrote letters that would break the heart of a stone. The reclusive hermit has a rather opulent white fluffy floorlength wool coat and Callow, despite the hesitancies, suggests that those stories of Rousseau's awkward salon manners might have been something of an exaggeration. Nor do you really imagine this character dying of apoplexy.

In short, I found the play—which is only one hour long—odd and quirkily engaging, but curiously slight. The picture we have is of traumatised, quizzical sage, denying himself more than two pickled cherries, measuring out his life in coffee spoons, jumping gently but defensively at the thought of human contact and still surprisingly obsessed with the idea of Molière's drama being a school for vice.

## London Mozart Players

**Andrew Clements**

Jane Glover's inaugural season as artistic director of the London Mozart Players is taking the form of a chronological survey of the eponymous composer. On Wednesday at the Festival Hall it reached his late teens in a programme somewhat precociously labelled "Restless Adolescence: Vienna and SCalzburg 1773-77."

It may be a heresy to admit it but all-Mozart programmes with Köchel numbers hovering below 200 fill me with mild panic and Dr Glover and her orchestra went only part of the way to convince me that I am misguided. There seemed a lack of conviction in the two symphonies bracketing the evening; respect and civilised musicianship were certainly present but not a feeling of genuine, hard-working performance or evidence that the expressiveness of the conductor's baton was being transmitted in any useful way to the players.

A pair of concertos offered dstinguished solists. In the D major piano concerto K.175 Imogen Cooper sometime seemed at fractional odds with her acompaniment, and from a seat well forward in the stalls produced a peculiarly recessed sound. But her playing had a good deal of detailed life in the outer movements, and found in the Andante room for some eloquent phrasing, a foretaste of Mozart concertos yet to be written.

Yoshiyuki Nakanishi proved to be a Japanese bassoonist of quite impecable technique but a bland performer, finding little to hold the attention in the bassoon concerto K.191 save neatly purled runs and some well fashioned legato. The accompaniment for both soloists was alert, without ever giving the impression it really mattered.

## Saleroom growth continues

**Antony Thorncroft**

This is proving another exceptional year for the fine art salerooms. Their season begins in September and in the months up to Christmas Sotheby's reports a growth in business of 43 per cent to £202m, and Christie's is running 20 per cent ahead of last season at £150.6m. Phillips, which operates throughout the year, yesterday announced a 1984 annual turnover of £50.1m, 20.4 per cent above its 1983 figures.

For all salerooms their New York operations, boosted by the continuing strength of the American economy, have been the main factor in their expansion. Only Christie's breaks down the figures but this autumn sales in New York totalled £77m, as against £41.8m for its King Street operation and £10.1m for its South Kensington saleroom.

Nevertheless growth this autumn in the UK has been marginally ahead of New York. By the spring Christie's will have doubled the size of its main New York saleroom in Park Avenue through the acquisition of its adjoining building. The highlights for Christie's have been selling five Impressionist pictures in one New York sale for over £1m each; getting a record price of £1.6m for a work by a living artist, de Kooning; selling a diamond in Geneva for a record £3.5m; and disposing of a painting by Joseph Wright of Derby in London for £1.4m.

Sotheby's can claim 10 Impressionist paintings exceeding £1m from two sales, in London and New York, with record prices for Modigliani, Carot, and Schiele. It also set records for Tang pottery, a musical instrument, a Hebrew manuscript, and a lot of silver.

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# The priorities for Lloyd's

SLOWLY but surely, the new regulatory machinery of the Lloyd's insurance market is moving into action and producing results intended to restore confidence in the ability of Lloyd's to run its own affairs. This week, two years after one of its major investigation began into allegations of financial impropriety against two insurance underwriters , Lloyd's has decided to expel one of the individuals involved and suspend another from trading in the market for 21 months.

The report of Lloyd's disciplinary proceedings against the two men shows that the institution has learned much about what is expected of a body conferred with wide-ranging self-regulatory powers backed by statute. Its report is a legally austere document, meticulously prepared, while the disciplinary process has been observed in punctilious fashion. It is in complete contrast to the random and arbitrary disciplinary proceedings which have operated in the market in the past.

There is, however, much to be done before Lloyd's is able to relax. Since 1982, following the passage of the Lloyd's Act of Parliament which gave the market its new powers to regulate its affairs, Lloyd's has rightly been concerned with the construction of the regulatory framework. More than half the work has been completed in installing this framework and Lloyd's now feels confident enough to reset its priorities.

Next year, the ruling council will be occupied with developing support services for the market through new technology. Greater attention will bepaid to the management skills required of the vital underwriting agency network at Lloyd's, which looks after the affairs of more than 23,000 underwriting members, and to the future ownership of the agency system, an issue of considerable consequence to the market.

Yet in drawing up their new priorities, the Lloyd's authorities could be in danger of neglecting problems created by some of the market's structures, which have led to wide abuse within the community. Of these the most serious issue is the relationship between working members of the market and reinsurance companies which they own. This week's report on the so-called Fidentia affair highlighted the abuses and conflicts of interest which arise when underwriters seek to transact business for their insurance syndicates at Lloyd's with companies which they own outside the market.

Investigators studying the Fidentia case at Lloyd's observed that underwriters' control of reinsurance companies will almost inevitably give rise to abuses of their fiduciary duty to the Lloyd's insurance syndicates which they run. Suspicions arising in the market about these links were damaging to the relationship between working underwriters and others in the community whose affairs they looked after, and daming to the outward appearance of rectitude of the Lloyd's market. Trading relationships between these companies and Lloyd's syndicates should be banned, argued the investigators—and the sooner such transactions are totally prohibited the better it would be for the Lloyd's market as a whole. More than a year after the investigators made their recommendation, Lloyd's has still not acted on this important issue.

### Compromising

In not giving this matter urgent priority Lloyd's is in danger of compromising the effectiveness of its own disciplinary regime. Related party reinsurance transactions are by no means uncommon in the Lloyd's market and it is very difficult to draw the line between acceptable practice and unethical conduct.

Moreover, Lloyd's risks compromising any future action by the outside authorities seeking to mount successful prosecutions for fraud against those who have misappropriated funds within the market. Custom and practice arguments are likely to be used by those accused and might provide an effective defence.

Lloyd's has insisted that related party transactions must be disclosed to the underwriting members. This does not go far enough. At the very least Lloyd's should establish a code of conduct which promulgates the recommendation of the Fidentia investigators, and ideally it should create bye-laws to ban these transactions. Unless it does so, the market's regulatory mechanisms will retain serious weaknesses and its ability to run its own affairs will be under attack again.

# Consumers' voice in trade policy

LOSERS always command more sympathy than gainers, especially if the former are known and the latter are not yet known. With these words in his study of Britain's textile industry published yesterday, Professor Aubrey Silberston goes to the heart of the dilemma for any government faced with industry demands for protection from imports.

The long-range benefits of exposing an industry to international competition may be large cheaper inputs for other industries, lower prices in the shops and possibly a net increase in national employment. But the short-term costs, in termse of jobs and votes lost, may look larger still. The potential gainers from industrial change dictated by market forces are hard to identify in advance. Their lobbying clout is *ipso facto*, pretty small. But the losers—companies, workers and their unions—are both *visible and vocal*.

Prof Silberston, who holds the chair of economics at Imperial College, London, was asked by the Government to report on the barriers to British exports of textiles and clothing and to analyse the likely impact on the industry and the economy of removing import controls.

Not surprisingly, he has concluded that Britain loses more than it gains by maintaining a rigid defence of its textile industry and says it would be in its interest to argue for the phasing out of the international Multi-Fibre Arrangement which regulates most of world trade in textiles.

### Protection

Leaving aside the arithmetic, some of which will be fiercely challenged, the report is a valuable study of the protectionist case.

All too often, the debate about import controls is lopsided. Ministers may have become adept at appeasing the industrialists (and, formerly, union leaders) who queue up outside the Department of Trade and Industry. But the arguments for protection should be exposed to a wider audience and a wider response. Similarly, the rebuttals expounded by free-trade theorists sometimes skate too glibly over the political and social consequences of their doctrines.

Prof Silberston's report corrects both deficiencies. Not only does he discuss at some length how consumers and others would benefit from free trade in textiles and clothing, he also recognises that a severe loss of jobs in one region cannot be brushed aside by pointing to possible job creation in another. Indeed, he has courageously exceeded his brief in suggesting government special assistance for those areas in the Midlands and North that would be hardest hit by abolition of the MFA.

The report estimates that import prices might fall by 5 to 10 per cent, and UK wholesale and retail prices by 5 per cent, giving consumers a "surplus" of some £500m a year (at 1982 prices) by the early nineties. The loss of jobs caused by abolition of the MFA import tariffs and quotas might be between 10,000 and 50,000 on top of the estimated 150,000 *jobs that would disappear* anyway because of increasing productivity and falling output.

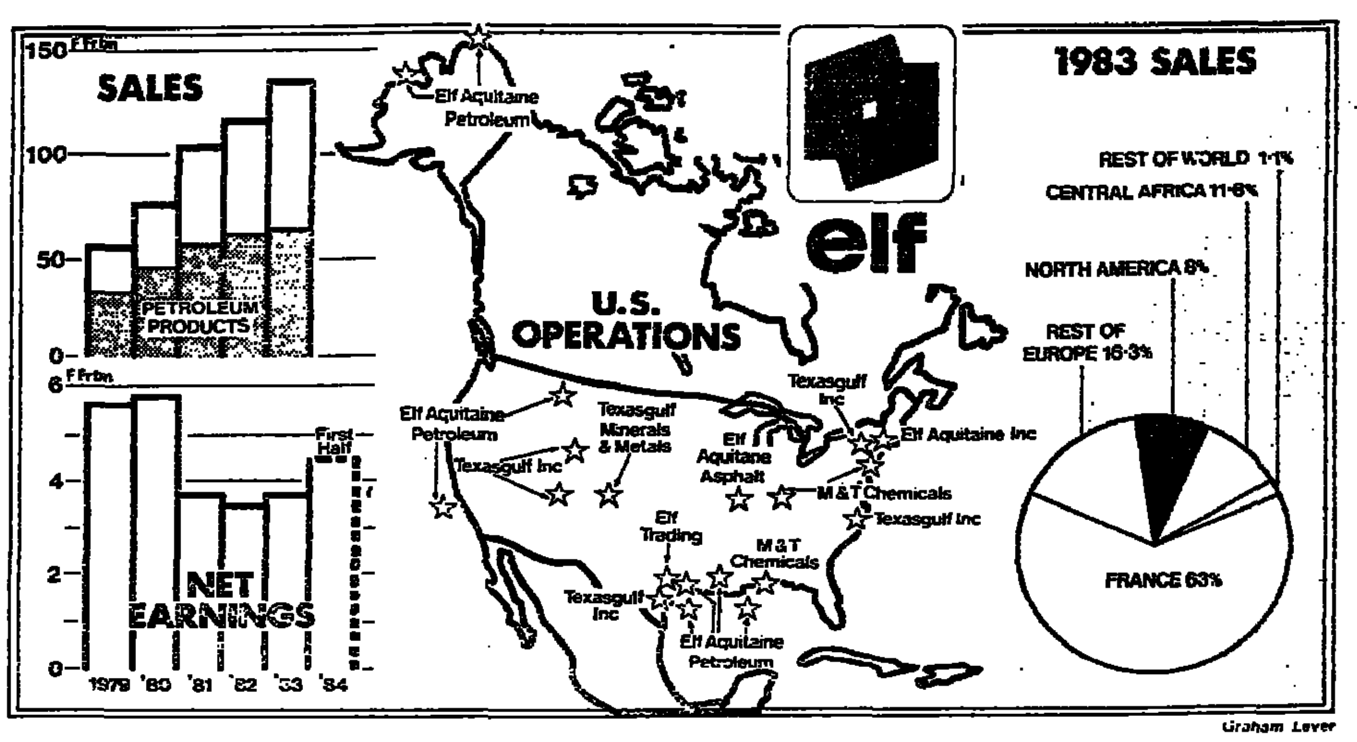
All this leads to the conclusion that the present MFA, which expires in July 1986, should be renewed for a further five or six years in a more liberal form and then terminated.

Prof Silberston has dismissed as exaggerated earlier estimates of the cost of protection and the loss of consumer purchasing power involved, and he is wary of claiming a net employment gain will automatically result.

His job loss estimates will certainly be attacked as too *modest. The TUC calculates* that removal of import controls will cost over 100,000 jobs and that a false extrapolation has exaggerated the industry's downward trend. Unions and employers see abolition of the MFA as much more devastating than Prof Silberston's analysis suggests.

Whatever the precise figures, his report is a useful starting point for debate in Britain and the EEC as MFA negotiations draw near. Trade policy cannot be formulated in piecemeal fashion, as if industries existed in separate compartments, nor should decisions be made on the basis of bargaining between ministers and the industries affected. The interests of the consumer must be given full weight.

## EXPANDING IN THE U.S. MARKET




Graham Lever

# How Elf came through its $2.3bn baptism of fire

By William Hall in New York and Paul Betts in Paris

A FEW miles outside the small North Carolina town of Aurora, giant drag lines work around the clock among the pine forests, scooping up over 10,000 tons a day of phosphate rock to feed one of the world's biggest and most *efficient fertiliser plants*.

Despite the busy routine, production cannot keep pace with demand and, for the fourth time in less than a decade, Texasgulf's Lee Creek fertiliser complex is being expanded — this time by 25 per cent.

In an industry characterised by excess capacity, sluggish demand and fierce overseas competition, Lee Creek stands out. It never lost money during the recent recession when U.S. fertiliser demand slumped, and its managers stress that as a result of productivity increases, their facility now ranks as the world's *lowest-cost* producer of phosphate fertiliser materials. Sitting atop 630m tons of recoverable reserves — half the U.S. total — Lee Creek is destined to play an increasingly important role in the world fertiliser market.

For Elf Aquitaine, the large French state-controlled oil group, Lee Creek is a source of considerable pride. It is the one element in the group's $2.3bn acquisition of Texasgulf which has come anywhere near realising Elf's ambition to become a major player in the U.S. market.

Elf's purchase of Texasgulf in the summer of 1981 remains one of the biggest foreign takeovers in the U.S. and the single largest French acquisition in North America. It is also one of the most controversial.

Three years after the event, it continues to draw criticism from the French unions, especially the pro-Communist CGT confederation which has always been hostile to the deal, as well as from financial circles and government officials. Although President Mitterrand approved the inpestment a few weeks after coming to power, France's Socialist government has, on the whole, sought to distance itself from the deal.

Indeed, there is a school of thought that the Texasgulf takeover contributed to last year's downfall of M Albin Chalandon, Elf's charismatic and outspoken chairman. He lost his job after a blazing row over the restructuring of the French chemicals industry, but many observers believe that the former chairman won black marks in some official quarters for rushing through Elf's costly U.S. acquisition.

Elf bought the wrong company at the wrong time, its critics charge, and even Elf's senior executives admit there is some truth in this view. "Texasgulf was not the ideal target; we would have preferred a company with more oil and gas," says M Gilbert Rutman, Elf's deputy chairman, and a close aide of the former chairman.

Elf, France's [illegible] biggest oil company and one of the top half-dozen oil companies outside of the U.S., has never hidden its urgent need to find new oil and gas reserves. A third of its profits come from the giant Lacq gas field in southern France, where output is declining, and over four-fifths of the 16m tonnes a year of oil Elf produces comes from Africa, hardly the safest source of long-term oil supplies.

No one has ever questioned Elf's motive in wanting to expand in the U.S. — only its target. North America is a natural place to look for oil and gas. It is about the only politically stable area left to harbour some undiscovered giant oil fields.

Elf had had its eye on Kerr-McGee, a large independent oil company based in Oklahoma. But the right-wing government of former President Valery Giscard d'Estaing blocked the acquisition of a company which Elf still believes would have been a better fit.

On the rebound, Elf lept at the chance of buying Texasgulf, a highly profitable mining company with a tiny oil and gas operation. As part of the

## Elf was under pressure to move quickly

deal, it sold off Elf Aquitaine's Canadian assets knocking *slightly over $1bn off the* $2.3bn cost.

The French company would have liked a bigger exposure to the U.S. oil sector but as this was not to be, the revised plan was for Texasgulf's highly profitable mineral operations to provide the cash flow to fuel Elf's ambitious oil exploration plans in the frontier areas of Alaska and elsewhere. Elf's former chairman wanted his company to spend more on U.S. exploration than anywhere else, in a bid to build what he described as "a little French Exxon."

*Unfortunately*, Texasgulf has not measured up to Elf's ambitious objectives at the time of the takeover. Shortly after the French company took control, most of the key markets for Texasgulf's products were hit by recession. Prices and demand collapsed and they have still not fully recovered.

The financial costs of the acquisition have been high. The French currency has fallen by about one-third in value since the takeover and Elf is still having to pay around $300m a year to service the $1.3nb of loans it raised to finance the deal because the French Government refused to allow it to ransfer funds.

In addition, El is financing the bulk of its U.S. exploration budget from its own resources.

"In the short term, it certainly was a shock," is the candid assessment of M Rutman, Elf's deputy chairman, who played a key role in the Texasgulf acquisition. With the benefit of hindsight he acknowledges that Elf probably paid too much for Texasgulf, but notes that his company was not unique. Several of the most respected names in the international oil industry had been bidding vast sums to buy into the U.S. BP's U.S. subsidiary Sohio paid $1.8bn for Kennecott, the biggest U.S. copper producer in a deal it has come to regret, whilst Chevron, the Californian oil major, must now be relieved that it was rebuffed in its bid for Amax, another heavy loss maker.

Elf was under pressure to move quickly. The change of government and the political vacuum following the landslide victory of President Mitterrand offered a rare opportunity to get official clearance for the deal which would have been far harder, if not impossible, to receive once the Left was fully installed in power.

Whilst there is nothing Elf can do about the price it paid for Texasgulf, the French parent has been quietly reorganising its U.S. operation. Today, the Connecticut-headquartered Elf Aquitaine Inc, the holding company for Elf's U.S. operations, has annual sales of $2.6bn (admittedly inflated by low margin oil trading activity), a workforce of 4,500 and after two very difficult years is expanding once again. (Elf expects M and T Chemicals, a specialty chemical manufacturer acquired in 1977, and Texasgulf to double their current turnover to around $1.5bn a year over the next five years.)

Few foreign companies entering the U.S. market can have had the same sort of baptism under fire as Elf. It acquired a company in an area where it had little expertise on the eve of the worst slump in demand since the 1930s. Morale at the company it acquired, Texasgulf, was ebbing. Only months before the U.S. company had lost the bulk of its senior executive team in a tragic air crash and the abrupt sale of Texasgulf's important Canadian assets following the take-over was another demoralising blow to the staff of a company which had always been known for its family atmosphere.

M Rutman admits that the Canadian move caused a "bad reaction" at Texasgulf. "The people at TG felt they would be alright because they were now supported by a wealthy oil company. This I think demotivated some staff," says M Rutman. The result was that the company failed to appreciate the scale of the crisis which was about to engulf the U.S. farm industry, the main outlet for Texasgulf's products.

"If we had been in the business we might have seen the crisis coming," says M Rutman. Instead Elf relied on top Texasgulf management. 'We believed them because we were not experts. And the top people of Texasgulf even if they saw the crisis coming, apparently preferred not to see it.'

After a year, Elf stepped in. M Michel Schneider-Maunoury, who had worked in virtually every part of the Elf empire during his 26-year career, was brought in as chairman and chief executive of Elf Aquitaine Inc (EAI) and Dr Gino Giusti, Texasgulf's chief executive, was made vice-chairman of the new U.S. parent.

The 53-year-old M Schneider-Maunoury is less critical than

## Much will depend on new oil finds

some of his superiors about the quality of the U.S. management he inherited but he has been quick to make changes. He closed down EAI's small New York headquarters and merged it with Texasgulf's much slimmed down offices in Stamford, Connecticut.

Over an 18-month period, Texasgulf's staff numbers were cut by close to a third, salaries were frozen for a year and the group's cash bonus programme was cancelled. It was a very difficult time for Texasgulf, which had experienced very few layoffs in its 75-year history. Capital spending was slashed to a minimum.

Texasgulf's sulphur operations, the mainstay of the company's business for three-quarters of its history, have been sharply curtailed. Production has been cut from over 1m tons a year to 400,000 tons and three of its four mines have been closed

Elf has left most of the old Texasgulf management in place but it has brought in a new chief financial officer, M Michel Rapaccioli, and replaced the head of its U.S. oil and gas operations with a Frenchman, M Gilbert Portal.

The French company conducts one of the biggest and most successful oil exploration programmes of any international oil. "It would have been foolish for us not to take advantage of our expertise in this area," says M Schneider-Maunoury. It has strengthened its U.S. oil team with more than two dozen French executives.

Overall, however, Elf employs no more than 35 French nationals in its U.S. operations. For the most part it prefers to rely on its U.S. managers to develop the business.

Only one of Elf's U.S. divisions is headed by a French executive. The rest of its major U.S. businesses are headed by Americans. Dr Giusti, a chemical engineer who has spent the bulk of his 36 years with the company in employee relations, continues to head Texasgulf. Tom Wright, a (20-year) Texasgulf veteran, is president of Texasgulf Chemicals, and Wayne White, another long term T Gemployee looks after employee relations.

Along with Earl Huntington, the general counsel, and Max Bass, who heads Elf's successful U.S. specialty chemicals operation, all five sit on Elf's U.S. board, and although they are outnumbered by French directors, the board conducts its business in English. M Schneider-Maunoury says he finds working relationships "much easier" in the U.S. "In France you sometimes think that your only purpose is to increase the number of jobs."

TG has never had a strike for 75 years and no unions and Elf is anxious that it stays that way. "We believe it is socially good and economically efficient," says M Schneider-Maunoury.

M Schneider-Maunoury firmly believes that Elf has finally realised its goal of having a "large and sound asset base in the U.S." It has the visibility in the market-place which it sought and believes that its investment will pay off over the long-term. M Rutman describes it as a "sort of savings bank" which in 10 to 20 years time could be "providing its French parent with an annual dividend of say $200m to $300m."

It will be several years before judgment can be passed on the success of Elf's U.S. move. The recession in the U.S. fertiliser industry is not going to last forever and Elf's Lee Creek operation can be expanded almost without limits when the upturn comes. Elf is confident that its the Lee Creek investment will eventually show handsome returns.

But much will also depend on Elf's success at finding oil. It is spending over $100m a year buying leases and exploring the high risk "frontier" areas such as Alaska and the deeper waters off the Californian coast and in the Gulf of Mexico. This is where the "giant" fields of tomorrow will be found, if they are going to be found anywhere in the U.S.

However, Elf is not the only oil company looking for oil in these areas and several of its competitors have much deeper pockets. Based on its present U.S. oil production Elf remains a minnow and it will need a large element of luck if it is to succeed in its bid to establish a major presence in the U.S. oil industry.

# Men and Matters

## Crew change at Lazard's

Sir John Nott, aged 52, has shown the nimble footwork of a professional by achieving in under two years a switch in top-tier career-making from Defence Secretary to running Lazard Brothers, the merchant bank. Merchant banking was his first trade and he is delighted to be back there at the helm.

The news that Nott will succeed Ian Fraser as chairman and chief executive of Lazard's, together with other new senior appointments including some young turks in their 30s, means that this will be a week to remember in London merchant bank parlours.

The City is still rocking gently from Wednesday's minor earthquake at Samuel Montagu where Staffan Gadd, chairman, departed abruptly (to be replaced by Sir Michael Palliser, former head of the diplomatic service) following disagreements with the bank's owners, Midland Bank, and Aetna Life and Casualty.

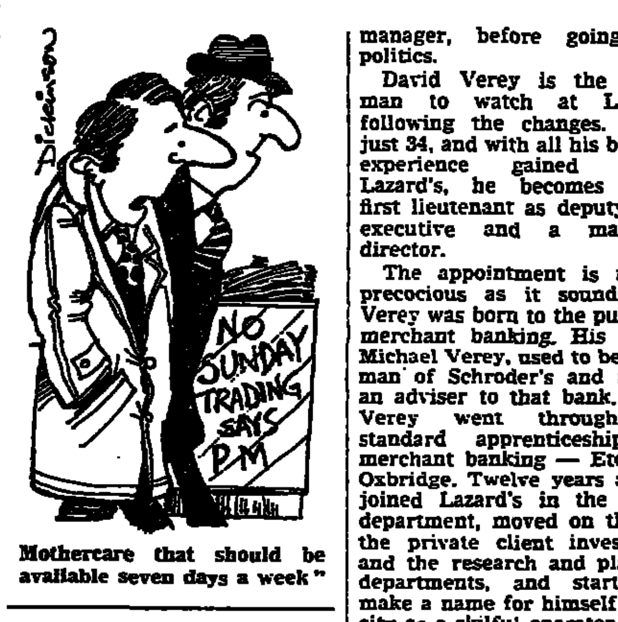
Nott was relaxed and smiling broadly yesterday as he sat with Fraser — they will be co-chairmen until Fraser reaches 62, the bank's retiring age, next August.

Fraser is looking forward to spending more time on his 250-acre sheep farm near Dulverton. Nott foresees rural life on his 130-acre Cornish farm being confined to weekends in future.

Nott wants to keep Lazard's at roughly its present size of 500 staff "providing the highest possible service to clients." He will also work to encourage closer informal relationships with the Lazard New York and Paris houses — the three reorganised this year into a loose-knit group.

Although Nott claims that he decided not to stand for the Commons again after he was re-elected for St Ives in 1979 (more than doubling his *majority*) *he was tipped before* the Falklands campaign as a future Chancellor of the Exchequer, even as a future leader of the Conservative party.

He offered to resign from defence when the Falklands crisis occurred. But Mrs Thatcher persuaded him to stay to see it through. It would have *been embarrassing for the* government if he had left at that time as well as Lord Carrington, Foreign Secretary, who resigned.




Mothercare that should be available seven days a week"

His colleagues should be warned, however; Nott has a very volatile temperament and quite often blows a fuse, though he can be rather gracious about it afterwards. There were people in the City who knew him who were appalled by the thought that he might one day fulfil his ultimate political ambition and become Chancellor. It was partly his own recognition that *he* would not, that led him to leave *politics*.

As for Nott's merchant banking experience, he joined S. G. Warburg as a management trainee in 1959 and spent seven years there, becoming a general manager, before going into politics.

David Verey is the young man to watch at Lazard's following the changes. Aged just 34, and with all his banking experience gained within Lazard's, he becomes Nott's first lieutenant as deputy chief executive and a managing director.

The appointment is not as precocious as it sounds. For Verey was born to the purple of merchant banking. His father, Michael Verey, used to be chairman of Schroder's and is still an adviser to that bank. David Verey went through the standard apprenticeship for merchant banking — Eton and Oxbridge. Twelve years ago he joined Lazard's in the stocks department, moved on through the private client investment, and the research and planning departments, and started to make a name for himself in the city as a skilful operator in the corporate financing department.

Away from the bank his passion is deer stalking with rifle or camera—a skill which *also may have uses in his pro*fessional life.

Two other "under-40s" have won senior Lazard desks.

Marcus Agius, aged 38, who joined the bank after Harvard Business School, becomes a managing director.

An American, Gilbert Scharf, aged 36, made his name at Morgan Stanley and Company with his skill in international and domestic corporate bond trading.

In a key appointment in the new Lazard's structure, Scharf is joining the bank as a managing director to develop a new capital markets group. Lazard's in London has been impressed by the success of Lazard Frerès, New York, in developing business in highly profitable "matched deals."

## Big wheels

Musical chairs again in the boardroom of BI's volume cars division—though as one executive boasted last night, it is the *first movement for two years, a* remarkable period of stability.

Austin Rover's dominant chairman and chief executive, Harold Musgrove, gets a new balance to his five-man board. In comes Trevor Taylor, a long-serving and popular sales director. Out goes the industrial relations man: Geoff Armstrong, a moderating voice, is leaving to join Metal Box.

Alan Curtis from Avon Cosmetics who takes over industrial relations, will not be on the main board. But he will report direct to Musgrove —a move which perhaps confirms the chairman's active role in the hard line taken to break the recent pay strike.

Andy Barr, a wiry Scotsman with a stern image similar to that of Musgrove, is given extra responsibility for improving quality and reliability. Mark Snowdon, a retiring character, hands over the sales pitch to Taylor to take charge of development of the "next generation of cars."

## On the move

Gary Kasparov won his first game in the world chess championship yesterday. Anatoly Karpov, who has won five of the six games he needs for victory, conceded the adjourned 32nd game.

The final has now been going on for more than three months. Karpov established an early lead to which Kasparov responded by playing for draws in the apparent hope of wearing down his opponent.

But the match nearly came to an early end a few days ago. My man in Moscow was travelling by car near the Hall of Columns when a militiaman gestured this-a-way instead of that-a-way with his baton, and almost succeeded in arranging a violent collision with the car of one of the grand masters.

**Observer**

POLITICS TODAY

# What's really left of the Left

By Malcolm Rutherford

ONE OF the questions which Mr Mikhail Gorbachev, the high level visitor from the Soviet Union whom nobody knows much about except that he could be the successor to President Chernenko, might ask when he arrives in Britain this weekend is: what is the state of the Left?

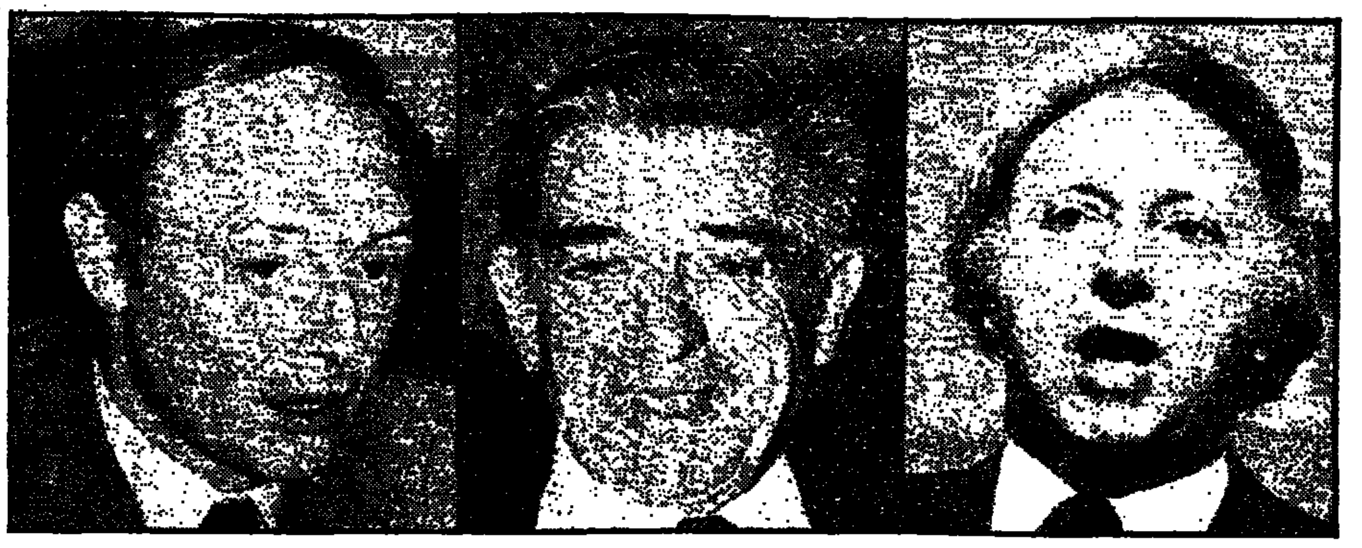
The answer, if he presses, is likely to be very confusing, for the Left is very confused. Here, however, is an attempt to explain what is going on.

Take the conventional level first: the Labour Party, though even that is very complex. Mr Neil Kinnock, the young leader, has probably done enough to arrest, if not to reverse, the idea that Labour is in permanent decline. He is likeable, has begun to work and think hard, and has set up a good office around him. The same could be said for many of his colleagues. The Labour front-bench in the House of Commons does not lack talent, or youth.

Perhaps the most that could be said for them and it is saying quite a lot, is, that they could run the Conservatives close enough at the next general election to come a decent second. The Tory majority would be down to around 30, Mrs Thatcher would be on her way out, the Conservatives would be divided over the succession and Labour would again begin to look like an alternative government. The SDP-Liberal Alliance would have faded and the Labour Party could hope to have power in the 1990s.

That is possible. But the question is how to get from here to there, and the signs are not very favourable. The by-election in Southgate yesterday was an illustration. Labour never even entertained the idea that it could win, and few seriously thought that it had a chance of coming second. That is a low starting point for a party bent on regaining office.

Mr Kinnock's first year or so as leader has been hampered by Mr Arthur Scargill and the miners' strike. There is a view that if and when Mr Scargill is defeated, Labour will benefit quitea s much as the Government. For the era of old-fashioned, Luddite trade unionism will have come to an end and it will be possiblet o cônduct industrial relations in a civilised way. Labour, like the rest of the country, will have lost its albatross.



Mr Kinnock, Mr Scargill and (centre) Mr Will Paynter, a former NUM leader who died this week

Such a view deserves some respect, yet it does not provide the complete picture. It is necessary to look at the Left as a whole. Mr Kinnock's vision of the Labour Party is that it is much as it always was. You do something about the organisation, tart up the image a bit, and eventually the pendulum swings and it comes back to power.

Quite apart from the way in which that view overlooks the emergence of the Alliance, it also overlooks what has been happening across the range of Left-wing politics. Some of these developments are potentially damaging; some are potentially helpful.

To start on the damaging side. The miners' strike has made the hard Left harder. The hard Left should be defined as those who are prepared to use extra-Parliamentary means to bring down existing institutions. Anyone who watched the Labour Party Conference in Blackpool this year will have seen that it is quite strong in and around the Labour movement.

Some of the pickets are hard left. So are some trade union leaders, and so are some Labour MPs, including Mr Tony Benn in his latest incarnation. Mr Scargill is hard left, too, and one of his achievements has been to strengthen the extra-Parliamentary wing. What they have done is to take politics back to the class war.

No previous leader of the National Union of Mineworkers, including Mr Will Paynter, who died this week and was a member of the Communist Party, which Mr Scargill no longer is, would have taken confrontation to such lengths. Mr Kinnock is going to have to live with all that when the strike is over. There is a section in and around the Labour Party which does not believe in civilised political exchange and thinks that practically all the issues facing the country are essentially class issues. Moreover, it thinks that it can win on these grounds. In this way, Mr Kinnock will have a most unfortunate post-strike legacy.

Yet there are the more helpful developments. One is within the Communist Party itself. This is split, almost certainly beyond the point of reconciliation. The fundamentalists, hard-liners, Stalinists—call them what you will—still control the party's daily paper, the *Morning Star*, more than half the distribution of which is now in Eastern Europe. (Somebody ought to ask Mr Gorbachev whether the Soviet Union or one of its allies really is putting money into the paper and its new printing press.)

But there is another wing, best called Euro-Communist, which is quite differenct. It centres around *Marxism Today*, the party's monthly journal. It probably controls the party executive and may yet have to go to the courts to seize ownership of the *Morning Star*. The climax will come at the party conference next autumn, if not before, when the Communist Party may well split in two. Nobody knows who will keep the "Communist."

That is by way of explanation. The point is thta *Marxism Today* is now the focus of the most lively political debate on the Left in contemporary Britain. It reaches areas that the Labour Party does not touch.

Its weekend event in London last month—a mixture of debates and entertainment called "Left Alive"—was attended by nearly 3,000 people, nearly twice as many as a previous occasion two years ago. These functions are entirely different from any other party gathering in that you do not have to be a member of the political party concerned to attend. Indeed only about 30 per cent of those who went to "Left Alive" were Communists. The approach is pluralistic. There were quite a lot of Liberals there, as well as people who had no party at all, or who were interested mainly in single issues, like housing.

The journal's editorial line is pluralistic as well. It believes that the only thinking about politics in Britain in recent years has been done by Mrs Thatcher and the Conservative Party. Sir Keith Joseph, the Education Secretary, is paid particular intellectual respect for at least being coherent. The idea is that the Left must find an alternativet o Thatcherism while acknowledging that it cannot go back to the past.

Here, for instance, is Mr Martin Jacques, the journal's editor, talking to a recent meeting of the Communist Party's Executive Committee in a speech which the Morning Star thoroughly distorted because it did not like the message.

"Thatcherism sets the agenda and the Left acts as the conscience. . . What is needed is a broad alliance of anti-Thatcherite forces: but a narrow go-it-alone, 'defend our class,' 'labour movement on its own' position remains very powerful. Yet such an approach weakens the fight against Thatcherism. . . The Left can appear conservative, for the past and against the future. . . It won't appeal to the new generations."

There is a great deal else about recognising structural change in the economy, the wrongness of the old belief in state intervention as the cure for all ills and the unlikelihood, maybe even undesirability, of a return to full employment in the old sense.

Yet the main thrust is the plea for a broad left capable of surviving in the last part of the 20th century. And there is here another helpful sign, if only the Labour aPrty would look. Apart from the advance of Toryism, there have been several quite significant political developments in the country in the last few years, though many of them have seemed single issue.

The women's movement is a case in point. It may look like a single issue, but in fact it cuts across class and politics. Middle-class women as well as working-class women can feel exploited. Not all women are against cruise missiles. Yet there has still been a genuine change of consciousness about the position of women in society. Indeed the present Government is in many ways having to deal with it bcause of the increasing role of women in the labour force. It might be easier to go back to the old idea of full employment if there were only white working-class men involved. But society has changed and women.

There are other examples. There have been notable campaigns over the years for housing associations, against racial discrimination, against poverty and perhaps, above all, for the better protection of the environment. Yet two factors stand out about them.

● The first is that it is relatively easy to mobilise opinion when people think there is a good cause. The flow of voluntary aid to Ethiopia and the revolt over student grants are only the most recent instances which show that opinion is there to be tapped. Look at the wave of feeling last year over straw-burning. The public is not averse to being indignant and doing something.

● The second factor is the almost total non-involvement in any of these social movements of the Labour Party. As Beatrix Campbell writes in the December issue of *Marxism Today*: "The Labour Party wants all these movements to move on to their territory, they don't want to move on to others' territory." The party has lost its imagination and capacity to inspire. As for the women's revolution, Labour is much more male-oriented than the Tories.

The conclusion is that the state of the Left is sectarian with just a chance that Mr Kinnock might pull it off if Mrs Thatcher makes a real mess. Meanwhile, it would help if the anti-Thatcher forces were to get together in a broad alliance.

## Lombard

# Historic divide at the BBC

By Nicholas Colchester

A MONTH ago Denis Healey, the shadow Foreign Secretary, sat down on a bench in the Hermitage museum in Leningrad beside an unknown Russian. With characteristic cameraderie, he introduced himself. "Good heavens, are you really," exclaimed the stranger and then quizzed Mr Healey on British politics in surprising English and detail. The man was no KGB stooge; simply, it transpired, an avid listener to the English language programmes of the BBC World Service.

There are many such tales of the reach and influence of the World Service and often they are told as a prelude to complaint about the Foreign Office grant on which the External Services are forced to operate. It is true that the service is in the middle of another argument about finance and will have to get by, in 1975-76, with about £1.2m less than it was hoping for. It is equally true that the Foreign Office's spending on the External Services grew by 18 per cent in real terms between 1979 and 1984, whereas the FO's own spending rose just 4 per cent.

But I want to pose two more basic questions. Why is it that the World Service, though sharing the working practices and salary levels of the BBC proper, has to be funded completely separately by the Foreign Office? And why is it that the service, though sharing many sources of material with the Home Services, can officially broadcast only overses and not to the British public?

The answer given to the first is that it would not be fair to ask British holders of TV/radio licences to pay for broadcasts beamed overseas to places, and in languages, theoretically specified by the Foreign Office as an extension of its diplomacy. The answer to the second is harder to pin down. Partly, it appears to be a circular version of the previous point. Partly, it derives from the way the World Service pays lower fees for copyright, and to performers, because of its claim that its broadcasts are not heard by the British public. Above all, there is the clinching argument: "That's the way it is."

Yet there are reasons to question this status quo, enshrined in the BBC's charter and licence agreements. The World Service has, in fact, an unofficial audience in the UK of some 250,000, thanks to leakage in the South of England—"back radiation" in the vernacular—of its medium wave transmissions. This is of the same order of magnitude as the audience of Radio Three. There is clearly a market in the UK for the reassuring rhythms of the World Service's day, for its faint flavour of the past, and for its regular coverage of events in all parts of the world. The last virtue is, indeed, becoming steadily more valuable in Britain as the quality of the British media's foreign coverage dwindles into a sort of fashionable spotlight, swinging maniacally from crisis to crisis around the world.

The BBC would do well to cultivate and develop this UK audience by making a positive virtue of the World Service and by arranging for it to be audible on the medium wave all over the country. This would strengthen the political constituency of the External Services in Britain. The BBC should also be ready to finance the extra costs involved out of its own licence income. It is quite possible to envisage fair division of costs between those services chargeable to the Foreign Office for services in the national, rather than the licence-payer's, interest. The present divide may appear neat and logical, but it imposes upon the service the character of a duty, to be performed thriftily, rather than of an opportunity to be explored imaginatively.

An official review of the External Service has recently been submitted to the Foreign Secretary and to the governors of the BBC by a joint BBC/Government team. It is still reserved for their eyes only. But the indications are that it concentrates on the efficiency of the external services and questions whether the Foreign Office is making sure it gets diplomatic value for money out of its spending in this area. There is no harm in either re-assessment. But what the report does not, and was not asked to do is start from a clean sheet of paper and ask whether the historic division between Home and External Services isn't somewhat antiquated.

# Letters to the Editor

## Expansion at Heathrow

*From Mr A. Fathers*

Sir,—You say (December 17) that the most valuable part of the inspector's report on London's third airport is his refusal to accept the environmental ceiling of 275,000 air transport movement (atms). Sadly you do not go on to quote further from the report that the operational maximum number of atms is 300,000 per annum.

Mr Eyre argues this point exhaustively, with copious quotation from interested organisations. All devoutly desire that the ceiling could be higher, but it cannot. Furthermore since 10,000 of the atsm are reserved for cargo the effectvie maximum numbero f passenger atms is 290,000.

Two reflections follow from the figures. The first is that you have swallowed too readily the beneficial effect of discarding the 275,000 environmental limit. If the operational limit is 300,000 atms then the additional capacity is only 25,000 atms. Assuming that the current average passenger per aircraft figure rises from 103 to 124 by the year 2,000 (it could be as low as 115) then the total number of extra passengers at Heathrow associated with these 25,000 atms will be 3m. In which case why build terminal five with a capacity for 15m.

The second reflection is more fundamental. Mr Eyre says that 53m can be accommodated in five terminals. No doubt, but how will they actually fly in and out? Since Mr Eyre accepts that the maxium operational number of passenger atms is 290,000 per annum it follows that he must believe each plane will carry 183 passengers. But this is totally beyond all rational belief.

A study of past trends, of current and future airplane purchases, of air travel demand patterns all indicate a passenger per plane figure in the range 115 to 124. An this assmuption evxen the viability of terminal four is shaky since 38m passengers (the four terminal total capacity) divided by 290,000 passengers atms gives a passenger load figure of 131.

In short terminal five or any further expansion at Heathrow would be an operational absurdity.

Anthony Fathers.
*613 Upper Richmond Road West, Richmond, Surrey.*

## Rights versus placings

*From Mr J. Stride.*

Sir,—The recent correspondence relating to the position of UK ordinary shareholders and pre-emptive rights has overlooked some interesting points. In the U.S. common stockholders do not have pre-emptive rights. Companies frequently raise fresh capital through secondary offerings, organised by underwriting syndicates, without recourse to existing stockholders.

A detailed prospectus must be issued, stating the indicated price range and the syndicate fee. The implied dilution to earnings and voting rights is well understood by investors, and is an accepted fact of life.

In the UK the pre-emptive rights of ordinary shareholders to new equity issues have by and large been upheld. It may be that the pending changes in (domestic) market making and securities distribution render such traditional pre-emptive rights inappropriate.

Having expressed that viewpoint, however, it is not unreasonable for ordinary shareholders to expect similar treatment afforded to their U.S. counterparts.

This treatment comprises: the issue of quarterly income and balance sheet data; payment of quarterly dividends; and, the option to re-invest such dividend payments in "new shares" at the market price prevailing at the ex-dividend date.

U.S. investors are at liberty to take appropriate legal action to redress any perceived injustices to stockholders arising as a result of decisions inflicted by company officers and directors.

If the directors of UK public quoted companies are unwilling to countenance these minimum requirements, it should come as no great surprise when voices are raised crying "foul."

Jim Stride.
*98, High Street South, Stewkley, Leighton Buzzard, Bedfordshire.*

## Improved stock control

*From Mr P. Temperton*

Sir, — Samuel Britttan ("Neither boom nor bust," December 6), in aiming to highlight reasons for the present UK economic cycle fundamentally different to previous ones, said that "a remarkable feature of the present UK recovery is that it has been accompanied by continued reductions in stockbuilding instead of the increase which is normal. The downward potential is thus very much less."

The downward trend in the ratio of stocks to GDP in the 1980's is, indeed, a remarkable feature. An improvement of stock control techniques has been most commonly used to explain the development (in both the UK and many other countries). But the downward trend in stocks in relation to GDP does not imply that stockbuilding has been any less important in contributing to overall GDP growth in the present recovery. Stocks fell by £1,085m in the second quarter of 1981 (the trough of the current cycle); they fell by £436m inthe second quarter of 1984 (the latest quarter for which data are available). The less contradictionary level meant, however, that stockbuilding exerted an expansionary influence on overall GDP growth during the period. Furthermore, the size of the contribution during this three year period, at 22 per cent, was broadly in line with past experience (in the five previous cyclical recoveries, the average contribution to GDP growth was some 25 per cent).

Viewed in this light it is difficult to argue either that the behaviour of stockbuilding in the current recovery is fundamentally different or that the potential for it exerting a contractionary influence on GDP growth is at all reduced.

Paul Temperton.
*Economics Department, Hoare Gorett, 319-325 High Holborn, W.C.1.*

## White out the black market

*From Sir Ralph Bateman*

Sir, — There is no doubt that minimum wages and trade union insistence upon the "rate for the job" are increasing unemployment, especially in young people which is the most dangerous element of unemployment for the future.

There is one area in which employment could be increased quickly, with a great boost to morale, enabling demand at present unsatisfied to be met and, at the same time avoiding the problem of the rate for the job. I refer to stimulating the activities of the self-employed, making the present black market white and enabling members of the public to find the services they need at prices they can afford.

Raise the VAT level to £100,000 — it is not worth collecting at a lower figure; let this higher figure be available to each partner in an enterprise; free the one-man enterprise from harrassment by safety and health regulations, fire regulations, etc. Many individuals are prepared to devote many hours to employing their skills but they are frightened by paper work and government officials. The list of steps which an individual has to take before he can start up some activity on his own is so lengthy as to scare off any non-bureaucrat. These one-man operations and small businesses would be a great boon to ordinary householders and their rate per hour could be whatever they decide and quite free from trade union control.

(Sir) Ralph Bateman.
*2, Bollin Court, Macclesfield, Wilmslow, Cheshire*

## Contributions by employers

*From the Chairman, Godwins*

Sir,—I write to take issue with the last two paragraphs of the otherwise admirable advice to Mr Norman Fowler from Barry Riley and Eric Short (December 1).

They suggest that employers should be compelled to contribute to the personal pension plans of employees who opt out of the employer's scheme, "something much nearer the average contribution" which the employer pays to his group scheme (by implication a "final salary" type scheme).

The average contribution is exactly that. It is more than the employer is contributing for "cheaper" employees and less than he is contributing for "dearer" employees. Contributions are not defined in this way since it is the defined benefit formulae which dictate the ultimate cost but, in general, younger employees tend to require a lower contribution in their early years of service and longer serving employees tend to require more as they approach retirement.

If employers are to be required to pay more for younger employees who opt out that is the same as requiring the employer to pay less (i.e. to reduce the benefits) for those approaching retirement —unless of course the employer is to be compelled to increase his total contribution. If the latter, why should extra cost be imposed in such a haphazard way and why should it affect only those employers who already have schemes?

I thought the muddled thinking behind this deceptively simple suggestion had been exposed at an early stage of the pensions debate.

David J. D. McLeish.
*Briarcliff House, Kingsmead, Farnborough, Hants.*

# FINANCIAL TIMES

Friday December 14 1984




FRESH TECHNIQUE COULD SET PATTERN FOR RESOLVING BRAZILIAN DILEMMA

## New UK solution to debt problem

BY MARGARET HUGHES AND MAGGIE URRY IN LONDON

BRAZIL's trade debts with Britain are to be refinanced by means of a new technique which could set the pattern for resolving trade finance problems with other debtor countries.

The first loan guaranteed by the British Government's Export Credits Guarantee Department (ECGD) to be funded in the capital markets was signed yesterday in London. This use of the capital markets means the banks are not being called on to put up the money.

Bankers said yesterday the scheme could be extended to finance new export contracts as well as refinancing old loans. This would have the advantage of saving government money normally required to subsidise the interest rate on longer-term export loans. In 1983-4 the UK subsidy amounted to £330m ($396m).

The funds for Brazil are being raised through a $155m floating rate note (FRN) issue lead managed by Morgan Grenfell. The refinancing is part of the restructuring of 1983 and 1984 maturities of government-to-government debt being renegotiated in the so-called Paris Club of creditor nations.

Part of the Brazilian debt falling due in these two years is being rescheduled, but most is being refinanced through the FRN issue.

The FRN borrowing is being done in the name of a company set up for the purpose and called Credit for Exports (CFX). It is jointly owned by Morgan Grenfell and Law Debenture Corporation, is able to lend only under ECGD guarantees and can borrow only to match its loans. The company's shareholdings can be changed only with ECGD permission.

Because of CFX's backing by the ECGD and the matching of its assets and liabilities, the FRN issue has what amounts to a UK Government guarantee. Not surprisingly, it was well received in the Eurobond market yesterday.

The terms of the issue are much finer than Brazil could have hoped for on its own account although the full benefit is not being passed on to it. Brazil is the largest debtor country with total foreign debts of $98bn and is about to resume talks with its creditor banks on the rescheduling of its debt falling due in 1985.

Under normal export credit financing for capital goods and projects the commercial banks provide the funds and ECGD extends a 100 per cent guarantee to the banks against non-payment by the borrower.

The use of an FRN issue is appropriate for a Paris Club refinancing deal because such loans are financed on a floating rate at commercial rates.

Morgan Grenfell said yesterday it saw the refinancing as a "significant pointer to the way in which UK export credits may be funded in the future." This would, however, need to be done through the fixed rate bond market because export contracts are normally financed on a long-term, fixed rate basis.

One of the hurdles which would have to be overcome to do this is that export contracts usually have a staggered draw down which would be hard to match in the bond market where issue amounts are fixed at the outset.

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## Auditors sued for $130m over bank failure

By William Hall in New York

PEAT MARWICK Mitchell, the world's second largest accountancy firm, is being sued for more than $130m by the U.S. Federal Deposit Insurance Corporation (FDIC) for not properly auditing Penn Square Bank of Oklahoma City before it failed.

The FDIC has also alleged that some of the partners of the auditing firm borrowed more than $1m from the bank, which compromised their ability to carry out a fair and independent audit of the troubled financial institution.

The collapse of the tiny Penn Square Bank in July 1982 as a result of over-aggressive lending in the energy field has precipitated a wave of problems for U.S. banking regulators.

Seattle-based Seafirst, the 29th largest U.S. bank, had to be rescued by Bank of America in April 1983 because it had bought many energy loans from Penn Square. Chicago's Continental Illinois, which was once the eighth largest U.S. bank, had to be rescued this year by U.S. bank regulators after it ran into financial problems partly as a result of its involvement with Penn Square.

The FDIC complaint alleges that the Penn Square auditors did not properly evaluate the bank's lending policies and that the audit team was not as large and experienced as it should have been. Peat Marwick has denied the charges.

The accounting firm said the loans were made to its partners before it was retained as the auditor of Penn Square. Two of the partners involved have since resigned from Peat Marwick.

Major auditing firms have become much more heavily involved in litigation in recent months as shareholders and other disgruntled parties seek to recoup some of their losses by claiming that the independent auditors did not carry out their job effectively.

Arthur Andersen, largest of the accounting firms, agreed to a $20m settlement with Marsh McLennan arising out of its bond trading losses. Last month it also agreed to pay Chase Manhattan more than $45m as a result of the losses resulting from the collapse of Drysdale Government Securities Corporation which was audited by Arthur Andersen.

## THE LEX COLUMN

## Playing Benedick to Beatrice

Beatrice Chemical is the first real test of the present ICI management's talent for buying businesses. While the group seems to have turned its back on the idea of acquiring assets by the billionful, Beatrice is still big enough to provide a proper challenge. And, as ICI must be aware failure would be very damaging to its carefully cultivated reputation on Wall Street.

The initial response was overwhelmingly positive on both sides of the Atlantic. Beatrice Chemical is, by all accounts, highly regarded in the U.S. and, while the multiple of 19 times forecast earnings may look on the high side, it is the going rate for companies with a speciality chemicals tag. Not that Beatrice is all high-growth and polysyllabic products. Several of its component parts – grease and leather finishes among them – are low-growth and low-tech. Moreover a 21 per cent profits drop in 1982 showed that Beatrice is by no means immune to cyclical pressures.

But the less glamorous businesses are usefully cash-generative and, assuming only 10 per cent earnings growth from Beatrice next year, the acquisition should wash its face after funding costs in year one. In practice, Beatrice should do better than that – 10 to 15 per cent annual growth is the internal ICI target – and there does seem to be an excellent fit in advanced composite materials and polyvinyls.

The extent of asset dilution will depend on ICI's treatment of goodwill. On the face of it the group is paying $600m over asset value, although there may be room for some write-up on consolidation. But, even taking a more cautious view, ICI will continue to sport a balance sheet offering plenty of scope for further acquisition.

The question facing the market is whether yesterday's move will spur a rerating of ICI equity. The shares rose 18p to 388p yesterday – within a whisker of their high for the year – and once Wall Street has absorbed the deal the price could receive another fillip. Beatrice after all leaves the group with a more attractive geographical spread – the U.S. is now up to around a third of sales – and a better product balance. But for that confounded cycle, everything would be smelling of roses.

### Hambro Life

Paying court to Hambro Life is a proposition only for the brave. The collapse of Hambro Life's merger with Charterhouse J. Rothschild in the summer demonstrated that it would take a winning suitor indeed to stand a chance of settling down with the insurance company's temperamental human assets. In a business where so much of the £600m capitalisation represents goodwill – shareholders' funds are probably in the £100m region – it makes no sense whatever to buy the name without the people.

So the mystery bidder has presumably counted upon providing Hambro Life with a more comfortable home than CJR appeared to offer. If the bidder is indeed BAT – the strongest rumour in the City of London yesterday – there is clearly no financial hindrance to spending a further £700m or so on UK insurance. And the fit between the two product ranges would give a spread of life business second only to the Prudential – grafting Hambro Life's direct selling capacity on to Eagle Star's strength in the institutional sphere. Whether Mr Weinberg and Sir Denis Mountain can be expected to get along matrimonially is another thing.

In any case, the failure of the CJR liaison created a platform from which someone else could be expected to mount an offer for Hambro Life before long. As a declared exploiter of arbitrage opportunities, it would be asking an awful lot of CJR that it should sit indefinitely on a quarter of Hambro Life's equity. At the suspension price of 495p, CJR's potential dealing profit is already over £20m; and in a bid, there is clearly more to be had.

### Unigate

Unigate sometimes seems to present itself as an industrial holding company being weaned off milk, but its solid acquisitions have never really convinced the City of London that the infant will grow. An improvement in pre-tax profits for the half year of 9.7 per cent could not prevent a weary 5p slipping off the share price while Northern Foods only had to turn out less bad than expected to generate some enthusiasm. This seems a bit unfair, but fine progress by, say, Unigate's Giltspur acquisition tends to get smudged by a less distinguished performance elsewhere. Nor is there anything as inspiring for the current year as the scent of victory in Northern's muddy wrestle with the U.S. hog-cycle.

Bowyers, for example, will lose money overall but the 4 per cent drop in half-year profits on the dairy side was largely technical in nature, and Unigate should make £63m before tax for the year. A tax charge of 37 per cent means earnings per share will be a little off, and the prospective multiple is lagging the sector while Northern is at a small premium. Unigate can go on using decent, if shrinking, dollops of cash from milk to acquire all manner of companies and there is absolutely nothing wrong with a prospective dividend yield of about seven. But it will take clear signs that the churning portfolio is beginning to set for the City to come to table.

## IMF terms prove 'difficult' for Brazil

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE OUTGOING administration of President Joao Figueiredo has accepted a set of economic guidelines for next year from the International Monetary Fund (IMF) which will be very difficult to comply with.

That is conclusion being drawn in Rio de Janeiro by politicians and bankers after the release of details of the latest letter of intent drawn up by the Government and the IMF.

The letter of intent, the seventh since Brazil's debt crisis began, calls for an operational surplus on the public sector's finances equivalent to 2.9 per cent of gross domestic product.

This compares with a projected operational surplus of 0.5 per cent this year, and represents a strong effort by the public sector to curb its spending, according to a Finance Ministry statement.

The operational surplus refers to treasury operations excluding debt service and offers a clearer indication of how public spending is being brought down. With debt service included, Brazil is currently running a public-sector deficit equivalent to 18 per cent of GDP.

The letter of intent anticipates a sharp cut in the rate of inflation, from the present 220 per cent to 120 per cent on an annual basis.

That objective has caused surprise, since inflation is at present seen on an upward curve.

The monetary targets set by the letter of intent also imply a severe squeeze on all spending by the incoming government. The monetary base is due to grow 60 per cent compared with the 1984 target of 50 per cent which in practice has been wholly ignored.

Tancredo asks advisers for 100-day plan, Page 4

## Hewlett Packard to expand in France

By Paul Betts in Paris

HEWLETT-PACKARD, the U.S. information processing and precision instruments group, intends substantially to increase its investments in France during the next two years. The group is also envisaging setting up production facilities in Spain and Italy.

M Kleber Beauvillain, chief executive of Hewlett-Packard's French subsidiary, said the group intended to invest about FFr 500m ($52.8m) in France during the next two years after investing FFr 323m in 1983-84 and FFr 175m in 1981-82.

The new investments in France will include a second French manufacturing facility at L'Isle d'Abeau near Lyons, two new regional centres and an automated workshop at Villebon.

M Beauvillain also disclosed yesterday that Hewlett-Packard was planning to acquire a minority stake in a small French robotics company called Itmi. Two French banks and a mechanical engineering group are also expected to acquire small stakes in Itmi.

For Hewlett-Packard, the stake in Itmi is linked to the group's proposed new facility at L'Isle d'Abeau, which will produce computer-aided manufacturing equipment.

Hewlett-Packard has seen the sales of its French subsidiary rise by 42 per cent to FFr 3.4bn this year from FFr 2.4 bn last year. However, French earnings declined by 48 per cent this year to FFr 35m from FFr 67m the year before.

## Goldsmith plans to buy over 15% of Crown Zellerbach

BY WILLIAM HALL IN NEW YORK

SIR JAMES Goldsmith, the Anglo-French financier who has made a name on Wall Street in recent months as a successful corporate predator, plans to take a stake of up to 25 per cent in Crown Zellerbach, the San Francisco-based paper and forest products company.

Crown Zellerbach said yesterday that it had been notified by General Oriental Investments (Goil) of the Cayman Islands that it intended to purchase shares on the open market which when added to the shares it may already hold "will exceed 15 per cent but not 25 per cent" of its shares.

Crown Zellerbach said that its board, which recently agreed some formidable defences against unwanted takeovers, does not view the purchases by Goil to be beneficial to or in the best interests of Crown Zellerbach, its employees and customers, or the communities in which the company does business.

The West Coast group had sales of $2.7bn and net income of $87m in 1983. It is still recovering from the recession in the US forest products industry which forced it to slash its dividend. In the first nine months of 1984 its net income rose 22 per cent to $76.6m. Its performance still lags behind that of many of its rivals, however, and the company has long been considered vulnerable to a takeover bid.

Crown Zellerbach's share price, which rose $3¼ to $32½ early yesterday, stands at a big discount to its breakup value, which analysts estimate could be as high as $80 a share.

Sir James is no stranger to the U.S. paper and forest products industry. Earlier this year he led a group of investors which acquired a stake in St Regis, another sluggish paper company, which it then sold back to the company for a profit of about $50m. More recently he made an unsolicited bid for Continental Group, a paper and packaging conglomerate.

Although the bid was unsuccessful, Sir James interests made a handsome return on their investment.

Last month after considerable speculation, Sir James emerged as the mystery buyer of the shares of Colgate-Palmolive, the U.S. household products group.

## Ex-UK minister for Lazards

BY DAVID LASCELLES IN LONDON

SIR JOHN NOTT, BRITAIN's Defence Secretary during the Falklands war, is to be the next chairman and chief executive of Lazard Brothers, the merchant bank. He will succeed Mr Ian Fraser, who retires next August.

Lazards also announced yesterday the formation of a London-based capital markets group to trade in securities. Although the venture will be small, it marks a new departure for the bank which has traditionally concentrated on providing banking and advisory services for big corporate clients.

Sir John, who is 52, has been an executive director of Lazards since he left government service last year. Before entering politics in the late 1960s he worked for S.G. Warburg, the merchant bank.

He said yesterday that he expected to continue running Lazards as a small but highly professional bank, making the most of its association with the two other Lazard banks in New York and Paris. Lazards belongs to a group which is 50 per cent owned by S. Pearson, the parent company of the Financial Times.

The new capital markets group will be set up and run by Mr Gilbert Scharf, an American who is a former managing director of bond trading at Morgan Stanley and has recently been running his own private investment partnership.

The group will deal initially in Eurosecurities. The plan, however, is to run a matched book and take few risks. Because of this the number of people and capital involved will be small.

Lazards also announced the appointments of Mr Tom Manners and Mr Peter Grant as deputy chairmen in addition to Mr Verner Wylie. Mr David Verey is to become deputy chief executive and managing director, and Mr Marcus Agius a managing director. The changes take effect from January 1, and Sir John Nott will be co-chairman with Mr Fraser until the latter retires.

Men and matters, Page 12

## Thomson in microchip venture

By David Marsh in Paris

FRANCE'S atomic energy commission is teaming up with the nationalised Thomson electronics group to pool expertise in integrated circuits, in one of the most far-reaching link-ups between research and industrial organisations in France.

The agreement, announced yesterday, will centre on collaboration in developing and producing microchips using the advanced C-mos technology.

M Jacques Noels, head of Thomson's electronics components division, said the accord – with the Electronics and Data Processing Laboratory (LETI) of the Commissariat à l'Energie Atomique (CEA) – could be extended to include other research institutes and semiconductor makers, including those from abroad.

Thomson, along with the Matra defence and electronics group, is one of France's two leading semiconductor producers. It has been struggling to catch up its technological lag, compared with U.S. and Japanese companies, with the aid of heavy government funding, and alliance with Motorola of the U.S.

The CEA is increasingly trying to turn its research and development expertise into commercial applications outside the nuclear industry. The alliance with Thomson has been under discussion for more than a year.

Although the Government played no direct role in inciting talks, the accord is closely in line with the Socialist Administration's aim of promoting closer links between research and industry.

Thomson and the CEA already have strong ties in semiconductor technology. These centre on the activities of LETI and Thomson's Efcis semiconductor subsidiary, originally set up by the CEA and based in France's atomic energy research centre of Grenoble in the south-east.

## U.S. warning on farm policy

Continued from Page 1

relations for years. He said: "If it cannot be done, international anarchy is coming."

All-out competition with the U.S. in farm exports would be highly expensive for the EEC farm budget, he said.

These issue are likely to be aired in private talks in Brussels today between Mr Block, M Poul Dalsager and Mr Frans Andriessen, the outgoing and incoming European Commissioners for Agriculture.

## Harvester records profit in quarter

BY TERRY DODSWORTH IN NEW YORK

INTERNATIONAL HARVESTER, the hard-pressed U.S. commercial vehicle and farm equipment producer, declared its first quarterly profit in three years yesterday, although it marked up a net loss of $55m for its fiscal year ending in October.

The group's $7m net income for the quarter, the equivalent of 3 cents a share, compared with a loss of $84m in the corresponding period last year. The figure was reached after a $10m restructuring charge and a credit of $2m for tax loss carryforwards, bringing profits from continuing operations to $15m.

The annual loss, the equivalent of $1.34 a share, compared with a deficit last year of $485m, or $15.70 a share. Sales for the year amounted to $4.8bn, a 33 per cent increase on $3.6bn a year ago, while in the quarter they increased from $1bn to $1.3bn.

The group said that the results did not reflect the recent disposal of its farm equipment division to the J. I. Case subsidiary of Tenneco. For the first time, however, it gave an estimate of around $400m to $450m for write-offs associated with the deal. These will be accounted for once the agreement obtains the necessary regulatory approval and the backing of the company's bankers.

No indication has been given so far of the likely reaction of the anti-trust authorities to the deal.

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | C | 14 | 57 | Dubrovnik | F | 13 | 55 | Malaga | F | 18 | 64 | Salzburg | C | 1 | 34 |
| Akrotiri | F | 13 | 55 | Faro | F | 15 | 59 | Malta | F | 17 | 63 | Seoul | C | 9 | 48 |
| Algiers | — | — | — | Florence | C | 11 | 52 | Manila | S | 30 | 86 | Singapore | F | 30 | 86 |
| Amsterdam | S | 7 | 45 | Frankfurt | C | 4 | 39 | Miami | F | 26 | 79 | Stockholm | C | 1 | 34 |
| Athens | S | 11 | 52 | Funchal | C | 17 | 63 | Milan | C | 7 | 45 | Strasbourg | Fg | 1 | 34 |
| Bahrain | F | 22 | 72 | Geneva | Fg | 1 | 34 | Moscow | Sn | -8 | 18 | Sydney | S | 27 | 81 |
| Barcelona | F | 22 | 72 | Gibraltar | F | 11 | 52 | Munich | Fg | 1 | 34 | Tangier | F | 22 | 72 |
| Beirut | S | 14 | 57 | Glasgow | F | 11 | 52 | Nairobi | F | 22 | 72 | Tel Aviv | F | 28 | 83 |
| Belfast | S | 13 | 55 | Helsinki | C | 1 | 34 | Naples | F | 7 | 45 | Tenerife | — | — | — |
| Belgrade | C | -1 | 30 | H. Kong | C | 20 | 68 | New Delhi | S | 21 | 70 | Tokyo | C | 15 | 59 |
| Berlin | C | 5 | 41 | Innsbruck | C | 1 | 34 | New York | R | 10 | 50 | Toronto | F | 21 | 70 |
| Biarritz | C | 11 | 52 | Inverness | S | 6 | 43 | Nice | C | 14 | 57 | Tunis | S | 16 | 61 |
| Birmingham | C | 3 | 37 | Istanbul | F | 4 | 39 | Nicosia | C | 12 | 54 | Valencia | F | 8 | 46 |
| Blackpool | C | 3 | 37 | Jersey | F | 9 | 48 | Oporto | C | 1 | 34 | Venice | C | 14 | 57 |
| Bordeaux | F | 11 | 52 | Las Palmas | S | 21 | 70 | Oslo | C | 1 | 34 | Vienna | S | 18 | 64 |
| Boulogne | S | 5 | 41 | Lisbon | F | 15 | 59 | Paris | C | 3 | 37 | Warsaw | — | — | — |
| Bristol | C | 2 | 36 | Locarno | C | 25 | 77 | Perth | F | 8 | 46 | Zurich | C | 0 | 32 |
| Brussels | S | 7 | 45 | London | C | 21 | 70 | Prague | Fg | -2 | 28 | | C | 1 | 34 |
| Budapest | S | 11 | 52 | Luxembourg | S | 14 | 57 | Reykjavik | F | -2 | 28 | | C | 2 | 36 |
| B. Aires | C | 27 | 81 | Luxor | F | 15 | 59 | Rio de Ja | F | 26 | 79 | | | | |
| Cairo | S | 15 | 59 | Madeira | S | 14 | 57 | Rome | F | 16 | 61 | | | | |
| Cape Town | S | 22 | 72 | Madrid | C | 21 | 70 | | | | | | | | |
| Caracas | F | 27 | 81 | Locarno | C | 8 | 43 | | | | | | | | |
| Casablanca | C | 16 | 61 | London | C | 8 | 46 | | | | | | | | |
| Chicago | C | 7 | 45 | Los Angeles | F | 19 | 66 | | | | | | | | |
| Cologne | C | 4 | 39 | Luxembourg | C | 0 | 32 | | | | | | | | |
| Copenhagen | C | 5 | 41 | Madeira | F | 14 | 57 | | | | | | | | |
| Corfu | S | 13 | 55 | Madrid | S | 11 | 52 | | | | | | | | |
| Dublin | S | 8 | 46 | Majorca | C | 15 | 59 | | | | | | | | |

Readings at mid day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

## Montagu chief quits

Continued from Page 1

into a player in some of the world's liveliest markets: Eurobonds, the Far East and the U.S. The link with Greenwell, a leading gilts broker, was designed to position it for the liberalisation of the UK securities markets.

Aetna and Midland shared his long-term goals, and by rights they should have been pleased. But Mr Gadd, for all his personal charm, is strong-willed and he resented the efforts of his owners to involve themselves in the running of his bank. He also argued that Montagu, as a member of the prestigious Accepting Houses Committee, must preserve its independence, and at one stage he and his senior colleagues were contemplating a partial management buy-out.

According to people within the bank, friction was brought to a head by two things: the immensely complicated task of integrating Greenwell and Montagu, and Mr Gadd's decision to move the combined operation into new quarters.

Last July Montagu took on 185,000 sq ft of a new twin tower office building and the converted Billingsgate fish market, in London at a rental of over £6m ($7.26m) a year, which was equivalent to more than half its 1983 disclosed profits.



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# GHH expects recovery but reduces dividend

BY PETER BRUCE IN BONN

GUTEHOFFNUNGSHÜTTE, the West German engineering group, is predicting profits for the current financial year after two years of losses due mainly to problems at its MAN truck manufacturing subsidiary.

Dr Klaus Götte, chief executive of Gutehoffnungshütte (GHH), said, however, that the group would be cutting its dividend for 1983-84 by DM 1 to DM 3 ($1) and that he expected a similar payout for 1984-85.

GHH said it had cut net losses in the year to the end of last June from DM 84m to DM 50m, on turnover of DM 15.6bn, itself up 4.8 per cent. MAN lost DM 112m last year, up from a DM 148m loss in 1982-83, on turnover of DM 6.3bn.

Dr Götte said GHH turnover in the first four months, July to October, of this year had risen 12.8 per cent over the same period in 1983, to DM 4.9bn. Exports had risen 29.5 per cent.

Incoming orders had risen just 0.5 per cent by October, he said, but pointed out that excluding large orders of more than DM 50m a piece – business accounted for mainly by GHH's big plant subsidiaries, including Schloemann-Siemag – orders had risen 22 per cent.

The GHH chief said that it appeared that MAN would break even this year, judging by its performance in the first four months. Shareholders would, nevertheless, have to wait for MAN to begin making profits before GHH could consider raising its dividend.

MAN, he said, would complete the first phase of a tough restructuring plan, involving job cuts of 16,000 workers (13 per cent of its workforce) this year. Restructuring had already cost the truck producer some DM 240m. The entire recovery process, he said, would take at least until the end of 1985.

# Daimler-Benz sees unchanged profit despite strike setback

BY JOHN DAVIES IN FRANKFURT

DAIMLER-BENZ, the West German motor manufacturer, expects profits this year to be about the same as last year despite the setback of the seven-week labour conflict in the metal industries in May and June.

Professor Werner Breitschwerdt, the chief executive, said car production should be close to 480,000, just ahead of last year's total, as a result of efforts to make up part of the output lost during the mid-year dispute over shorter working hours.

Last year Daimler-Benz reported net profit of DM 988m ($320m) (up 7.2 per cent) for the worldwide group and DM 710m (up 3.4 per cent) for the parent company. It maintained its dividend of DM 10.5 per share on capital enlarged late in the year by a rights issue and dropping the 1982 bonus of DM 1 as a consequence.

Professor Breitschwerdt said group sales revenue this year should rise about DM 2bn to DM 42bn, with parent company revenue marginally behind last year at about DM 31.5bn.

He said that on the one hand Daimler-Benz had been hit by the metalworkers' strike and by the difficult commercial vehicle market. On the other hand, however, it benefited from strong demand for its cars, especially in the U.S.

In addition, the production operations in North and South America contributed to profits, he said.

Professor Breitschwerdt said that the newly-extended Bremen plant enabled the company to keep up with the growing demand for its compact class 190 series models.

Because of the seven week strike Daimler-Benz expects deliveries of cars to customers in West Germany to be slightly lower than last year at about 227,000, but with every effort being made to meet strong export demand. The company expects car sales abroad to reach about 250,000, up 12,000.

The company believes it will come close to its pre-strike target of delivering 80,000 new cars in the U.S., including about 24,000 of the 190 series.

Daimler-Benz expects its production of trucks and buses worldwide to reach about 211,000, just ahead of last year's total of 210,280. This is because of a hefty increase in output abroad by 15,000 to more than 82,000, with its Freightliner subsidiary in the U.S. boosting output of heavy trucks from 12,000 last year to about 20,000 this year.

Professor Breitschwerdt said the West German market for commercial vehicles had declined again after a brief recovery in 1983. The company's truck exports in Europe had risen.

After the labour conflict, the West German car market had not been able to gather pace at the same rate as earlier this year, Professor Breitschwerdt said. Potential car buyers had become unsettled because of the debate about more stringent emission controls and possible speed limits, he said.

# VW buys Autogerma

BY OUR FRANKFURT STAFF

VOLKSWAGEN of West Germany is increasing its involvement in Italy by taking over Autogerma, the Verona-based company responsible for importing VW and Audi models.

Autogerma, which has built up a network of 850 dealers and workshops in Italy, was formerly 60 per cent owned by Herr Gerhard Gumpert and 40 per cent by Compagnia Italiana Automobile of Padua. Herr Gumpert, who has run the company for 35 years, is to remain responsible for its management.

VW said yesterday it was the last major foreign vehicle maker to take sales and customer service in Italy directly into its own hands. It has not disclosed financial details of the takeover.

Italy is one of VW's main European export markets. The company expects to deliver about 100,000 VW and Audi models to customers in Italy this year, taking about 6 per cent of the market, in addition to about 6,000 commercial vehicles.

About 1.3m VW and Audi vehicles have been sold and serviced in Italy through the Autogerma network in the last 35 years.

# City Investing liquidation plan approved

By Our New York Staff

CITY INVESTING'S stockholders have approved by 20.4m to 10.7m votes the group's liquidation plan after opponents failed to block the scheme at a noisy special meeting of shareholders in New York.

The shareholder approval of the liquidation plan by the New York-based group, which has interests in home building, insurance and lodging, came despite fierce opposition from several important shareholders, including Tamco Enterprises, a New York investment group with an 8.8 per cent stake, and Mr Victor Posner, the Miami-based financier, who owns 8.5 per cent.

Tamco, which this week lost a court action to block the meeting and the sale of three City Investing units, had launched a proxy battle to oppose the plan and unseat City's board.

A key centrepiece of Tamco's opposition, repeated in the shareholder meeting on Tuesday, was that the scheme might result in $93.2m in "golden parachute" and other payments to 11 top city investing managers and a further $20m payout to Merrill Lynch, the group's investment bankers.

The shareholder vote came after a lengthy meeting, recessed at one point by Mr George Scharffenberger, chairman and chief executive, while proxy votes were counted. The recess came after almost 2½ hours of sometimes heated and outspoken debate during which the liquidation plan was repeatedly criticised. A move by Tamco to keep the polls open longer to allow shareholders more time to study the proposal was defeated.

# Warning from Intel of sharp profit fall

By Our Financial Staff

INTEL, one of the leading U.S. producers of semiconductors, warned yesterday of a sharp slowdown in sales and earnings during the fourth quarter of this year.

Earnings for the three months to December 31 are likely to be no more than 20 cents a share against 40 cents in the same period of last year. Third-quarter earnings were up 118 per cent to $70m, or 60 cents a share, from $32m, or 29 cents a share, a year earlier.

Fourth-quarter sales are expected to be 5 to 10 per cent below the $432m achieved in the third quarter – a figure that compares with $292m in the same period of 1983.

Mr Gordon Moore, chairman, said that manufacturers of office automation equipment, including personal computers, were either cancelling their orders for semiconductors or rescheduling for later delivery in order to reduce inventories.

He added that he saw no prospect for any substantial recovery in business until at least the second quarter of next year.

# Nestlé seeks to buy 26% stake in Herta

By John Wicks in Zurich

NESTLÉ, the Swiss-based food industry company, intends to acquire a minority shareholding in the West German food-products concern Herta.

The German group is in the process of a corporate reorganisation. This involves the merger of the existing companies, Herta KG, Karl Schweisfurth and Artland Dörffler KG. The newly formed Herta AG, with subsidiaries in five other European countries, will have sales of almost DM 1bn ($324m) a year and a payroll of some 5,000 employees.

The new company, expected to be set up by the end of the year, will be controlled by Mr Karl Ludwig Schweisfurth as majority shareholder. Nestlé is negotiating with Herta to take a 26 per cent stake at an undisclosed price.

This move would mean an important expansion of Nestlé activities in the meat-processing sector. At present, the Swiss group has a number of operations in this field, particularly those of the Libby subsidiary in the U.S.

● Sibra Holdings, the leading Swiss brewery and soft drinks company, is to propose a rights issue and a dividend increase at its March 26 general meeting.

New bearer and registered shares with a total nominal value of SwFr 12m ($4.7m) will be offered in a ratio of one-for-five against existing shares and at a price yet to be determined.

# J. P. Morgan boosts dividend

By Our New York Staff

J.P. MORGAN, the big New York bank, has increased its dividend by 10 per cent and announced a two-for-one stock split, the first such split for more than a decade.

Morgan is regarded as one of the best-managed and strongest banks in the U.S. and consequently its dividend policy is watched closely by other U.S. banks. The latest increase in the quarterly dividend to $1.10, payable on January 15, follows an 8.1 per cent increase last year.

U.S. banks continue to face obstacles in their lending to foreign countries and are under pressure to bolster their capital ratios even if that means restricting their dividend payments. Morgan, which has a stronger primary capital ratio than average, of 7.1 per cent, has increased its earnings per share by 9 per cent to $8.34 in the first nine months of 1984.

# New York site sold by G&W

By Our New York Staff

GULF & WESTERN, the U.S. conglomerate, has sold the old Madison Square Garden site in New York City for $100m to an investor group led by the Zeckendorf Company, a leading New York real estate developer.

Zeckendorf and its partners, Worldwide Holdings, and Arthur Cohen have formed a joint venture for mixed-use development of the property, including residential, commercial and retail facilities.

Mr Bill Zeckendorf said that he had not yet decided what to do with the 161,000 sq ft site

CANADIAN STOCK MARKET SEEKS TO RESTORE INVESTOR CONFIDENCE

# Vancouver cleans up its act

BY BERNARD SIMON IN VANCOUVER

AN UNSETTLING string of events has forced the Vancouver Stock Exchange (VSE) to rewrite the rules that have earned it a reputation as the closest thing among North America's financial institutions to a casino.

The exchange will today announce stricter listing requirements and other changes designed to improve its battered image. It recently agreed to disclose details of hitherto secret disciplinary action against members and is reconsidering a decision to release this information only once every three months.

The aim of the reform package is to restore investor confidence without jeopardising the VSE's unique niche as a speculative market in shares of junior energy and mining companies attracted by its lenient listing requirements.

The exchange said during a recent promotional trip to London that UK investors were taking a growing interest in VSE companies, particularly those involved in mining. Out of C$28m ($21.5m) raised for Vancover-listed companies last month, almost 25 per cent originated from UK and continental European private placements.

Among the changes will be an increase in the minimum amount that companies need to spend on their properties before qualifying for a listing. The floor is currently set at C$25,000. According to VSE president Mr Donald Hudson, "this is not throwing the baby out with the bath water. We want to stay in the junior venture market."

The VSE has several times in recent years recorded the highest trading volumes of any North American stock exchange other than New York. In October, Vancouver traded 44 per cent of shares on Canada's four exchanges, putting it slightly ahead of Toronto. Because most VSE shares are "penny stocks" (with an average price of a mere 80 cents a share), however, the VSE accounted for only 4 per cent of the value of transactions.

The speculative element of the Vancouver market is evident from the names of some of the 1,760 listed companies – Bankit Resources, Du-Well Resources, Sky Rocket Exploration and Mischief Enterprises are some examples. The identity of the company's promoter is often a better investment guide than its balance sheet.

Share prices are perpetually volatile. The oil and gas boom of the late 1970s in western Canada and the Hemlo gold find in northern Ontario sent Vancouver share prices to dizzy heights. They are now falling rapidly, pushed mainly by lower commodity prices, especially of gold. The VSE index has slid by 22 per cent in the past year and is now almost 40 per cent below the Hemlo peak 18 months ago.

Staying in the venture market: Vancouver exchange president Donald Hudson

Signs that the speculators were running ahead of the VSE's regulators appeared last year when, despite falling prices and slacker trading volumes, applications for new listings began to accelerate. The pace has become furious. No fewer than 293 companies were listed in 1983, and there has been an average of one new listing a day this year.

Meanwhile, the number of complaints from aggrieved investors has risen, and the VSE has become embroiled in a succession of controversies including a lawsuit involving false assays and attempts to corner the market in a number of shares.

The exchange's troubles came to a head on October 19 when trading was halted in nine companies – all of them listed within the last year – following huge price declines in the space of a few hours of trading.

Trading has resumed in five of the companies, though investigations are continuing into the cause of the sudden frenzy of activity in the nine stocks. The British Columbia Government was due to issue an order this week allowing investigators to search the companies' offices and records.

These events have fuelled both public and private criticism of the VSE's policing abilities and added new urgency to a review of its rules.

# GE signs sales deal with Apple

BY LOUISE KEHOE IN SAN FRANCISCO

APPLE Computer yesterday geared up for a major effort to break into the corporate personal computer market with the announcement of an agreement under which General Electric Information Services will sell Apple Macintosh computers to its time-sharing network clients.

Apple also revealed that it was in the process of negotiating similar agreements with other companies.

The deal involves a "value-added reseller agreement" (VAR), an increasingly important sales channel for personal computers in the U.S. whereby features are added to a personal computer, usually in the form of special programmes, to address specialist markets.

"The VAR programme is part of our strategy to sell to major corporations," Mr Mat Slavik, Apple's VAR sales programme manager, said.

Apple is, however, not alone in its efforts to persuade other companies to resell its personal computers. General Electric already has VAR agreements with IBM and Wang.

For Apple, value-added resellers represent an opportunity to gain entry to the corporate market where IBM is the dominant supplier. Without a large direct sales force and lacking the long-term supplier relationships of traditional office computer companies, Apple has not so far achieved significant penetration in large companies. By using VARs, it would be able to take advantage of the large sales forces of General Electric and its other partners, Mr Slavik said.

General Electric in particular could become a significant Apple reseller. The company is making a "very significant engineering investment in creating software for the Apple Macintosh," said Mr Steven Korn, manager of products marketing.

# Oslo plea on steel merger

By Fay Gjester in Oslo

THE NORWEGIAN Government yesterday asked Elkem and Norsk Jernverk, Norway's two steel producers, to renegotiate a deal – announced last September – for merging their steel operations. The Government claims the agreement is unfavourable to Norsk Jernverk.

It would like Elkem to take a larger stake in Jernverk than the 20 per cent envisaged by the deal. It also said that the NKr 170m ($19m) cash payment, which Elkem is to receive under the merger, was excessive.

# INTERNATIONAL COMPANIES and FINANCE



## Steep rise for musical instrument maker

TOKYO — Nippon Gakki, reputedly the world's largest maker of musical instruments and the parent company of Yamaha, said yesterday that its unconsolidated net profit for the first half to October 31 climbed 39.8 per cent to Y3.1bn ($12.5m) from Y2.22bn a year earlier.

Profits before taxes and extraordinaries advanced 48.8 per cent to Y8.89bn from the year-earlier's Y5.97bn, while sales gained 8.6 per cent to Y186bn from Y171bn.

Per-share net rose to Y23.63 from Y16.90. The company will pay an unchanged Y5 interim dividend.

For the full fiscal year, the company projects net to be up 36.3 per cent to Y4.8bn from Y3.52bn, pre-tax profit up 27.6 per cent to Y13.5bn from Y10.58bn and sales up 4.7 per cent to Y355bn from Y339bn. The company plans to pay a full-year dividend of Y10, unchanged from a year earlier.

Though sales for most product categories were stagnant or lower than last year, those for electronic musical instruments, stereos, electronic organs, and metal-electronic machinery rose steeply.

Sales of electronic musical instruments were up 35.8 per cent to Y21bn.

AP-DJ

## Japan finalises bankers' acceptance market rules

BY YOKO SHIBATA IN TOKYO

JAPAN'S Ministry of Finance (MoF) has finalised draft rules for setting up a bankers' acceptance market in Japan. The creation of such a market in Tokyo will enable traders to finance their exports and imports in the yen, one of the issues put forward b ythe U.S. as a priority at the U.S.-Japan yen-dollar committee meetings since last November. The MoF has been pledged to complete a detailed plan by the end of this year.

The final draft envisages permission for trading in Jikihane Tegata, a promissory note issued by corporations to settle their foreign currency denominated bills on the bankers acceptance market, in addition to trading in Yen-based, fixed-term trade bills. The draft also proposes that the maturity of all such notes should be less than six months and that the minimum trading unit be Y100m ($405,000).

The MoF, however, is to limit dealers in the proposed bankers' acceptance market to banking institutions and short-term money brokers. Securities brokers industry foreign coupons, are to be excluded, despite U.S. pressure for their participation.

Allowing brokers into this market was requested at the follow-up session of the bilateral talks held on November 14-15.

Japanese banks have been vehemently opposing participation by the brokers in a yen-based bankers acceptance market, saying "the market, like the market for certificates of deposit (CDs) will be by nature, the territory of the banks." The banks feared that brokers' participation could pave the way for issuance of commercial paper (CP) in Japan.

However, the ministry is still considering letting the securities brokers into this market some time in fiscal 1985 in order to make it as widely accessible as possible.

The MoF is to present its final blueprint to the Financial System Research Council, an advisory body of the finance minister, on December 20. After fine-tuuning the details of the draft will be circulated to financial and other industries

## Chemical Bank makes write-off

SINGAPORE — Chemical Bank of the U.S. has disclosed plans to write off in the current quarter part of its approximately U.S.$11m exposure to Chop Hoo Thye and Yak Mong Trading, two Singapore food companies placed in receivership last week at the request of bank creditors.

The bank described the exposure to the two companies as "modest."

"The realisation on those $11m) assets will leave a shortfall and we will through a charge to the reserve for loan losses reduce the loan to the appropriate carrying value in the current quarter," the bank said.

It is understood the provisions will be made in the bank's Singapore account.

AP-DJ

## James Hardie Industries boosts profit and turnover

SYDNEY—James Hardie Industries, the Australian building and industrial products groups has reported net profits of A$22.02m (US$18.7m) for the six months ended September 30, compared with A$16.3m previously.

Turnover was up 25 per cent to A$666.5m from A$534m. Earnings per share were 17.8 cents against 17 cents and an unchanged interim dividend of 11 cents will be paid.

Profit was declared after tax of A$15.18m, depreciation of A$16.3m, net interest payments of A$18.17m and minorities of A$2.66m, but before a net extraordinary loss of A$602,000.

In the year ending March 31, the company expects profits to be well up on last year after the rise in half-year earnings.

Mr John Reid, the chairman told the annual meeting yesterday that second-half profits usually exceed the first half.

● The New Zealand government plans to reduce the range of car models assembled in the country and slow an unspecified increase in the margin of preference for Australian knock-down kits.

In return New Zealand components will be counted as part of the 85 per cent local content required in Australian-made cars.

Sales tax will be cut by up to 27 per cent on new cars with engines larger than 1350 cc, costing the Government an estimated NZ$45m (US$21.9m) in revenue.

By 1995 all trans-Tasman tariffs, tariff quotas and quantity restrictions on motor vehicles and parts will be removed.

Reuter





## World Bank makes first swap into yen

By Maggie Urry

THE WORLD BANK has arranged its first swap into yen, following the liberalisation of the yen markets by the Japanese Ministry of Finance.

The amount involved is $25m and the swap has a five-year term. Mr Eugene Rotberg, the World Bank's treasurer, said: "We borrow in yen in six or seven different ways and this is another way of obtaining yen on a cost effective basis." The World Bank has made several issues in the Euroyen and Samurai capital markets.

The dollars for the swap were part of a pool of dollars the World Bank has. Mr Rotberg added: "We want to lend yen because it is an appropriate currency both as a liability for the World Bank and for developing countries to borrow due to the interest rate differential." The swap was arranged by Banque Paribas and the counterparty is Sumitomo Bank.

## Motorola go-ahead

Taipei—The economic ministry has approved an investment application by Motorola International Development to build a U.S.$48m plant to make semiconductors. The Motorola subsidiary will also produce other high-technology products.

Reuter

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# APPOINTMENTS

## Chairman designate for Arbuthnot Latham Bank

**Mr Eric Carter**, formerly the deputy group chief executive (international business) of National Westminster Bank, has been appointed to the boards of Arbuthnot Latham Bank, and its parent company, DOW SCANDIA HOLDINGS. Following the retirement of **Sir John Prideaux**, Mr Carter will become chairman of Arbuthnot Latham Bank on January 1, and he has tendered his resignation from the board of Gota (UK). **Mr R. Erith**, senior partner of E. B. Savory Milln & Co., and **Mr C. J. Bouveng** of Sundsvallsbanken, together with **Mrs L. Hwang**, **Mr P. Ashley Miller** and **Mr I. Dinwiddie** have been appointed directors of Arbuthnot Latham Bank.

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**Mr Jim McMillan** has been appointed to the board of TAYLOR WOODROW CONSTRUCTION (SCOTLAND). He joined the company in 1980, becoming contracts manager in 1982 and divisional director in 1984.

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**Mr Terence Fox** has been appointed to the main board of OFFICE CLEANING SERVICES, commercial cleaning services wing of the OCS Group. He was regional director, administration.

*

**Mrs Christine A. Ralph MacNulty** has been appointed managing director of TAYLOR NELSON MONITOR, social research and analysis division of the TN Group. She joined the Ewell-based firm in 1982 as a consultant.

*

**Mr John Lee** has joined MEPC as company secretary, taking over from **Mr Alan Crowe** who retires next April.

*

**Mr Edwin Brooks**, director—financial operations, Rothmans International, has been appointed as a member of the EXPORT GUARANTEES ADVISORY COUNCIL.

*

**Mr David Sands** has been appointed managing director of BOURNE STEEL, Poole, part of the Forelle Group. **Mr Roger King**, managing director for the past six years, has become group finance director. Mr Sands was contracts manager of Boulton and Paul.

*

**Mr David Kiggell** has been appointed managing director designate of BROOKS AND WALKER, subsidiary of Brown & Tawse.

**Mr Nicolas Rostkowski** has been appointed an executive director in charge of Euro-bond syndication at ENSKILDA SECURITIES replacing **Mr Christopher Carter** who has resigned.

*

**Mr C. H. Beech** has been appointed to the board of MUNTON BROTHERS. He is group financial controller. **Mr D. J. Sebire** has been appointed a non-executive director. He is a non-executive director of Henry Ansbacher and Co. financial advisors to Munton Brothers.

*

KELLOGG COMPANY OF GREAT BRITAIN has promoted **Mr David H. Brenner**, marketing development manager—Europe, to deputy managing director; **Mr Geoff Lord**, director—manufacturing and engineering, to deputy managing director; **Mr Wilf D. B. Hamilton** to director—scientific affairs; **Mr Brian W. Moore** to director—sales; **Mr B. Russell King** to director—logistics; and **Mr D. Neil Makin** to director—human resources and **Mr Christopher J. McNaughton**, managing director, will return to the U.S. in the first quarter of 1985 to take charge of the parent company's U.S. operations. **Mr Ross Buckland**, presently chairman of Kellogg's Great Britain, will at that time re-assume the combined role of chairman and managing director.

*

Following changes in DOBSON PARK INDUSTRIES organisation, the mining machinery interests have been divided into two separate executively controlled divisions. These are the Gullick division, comprising Gullick Dobson and its international subsidiaries. Herbert Cotterill and Marathon Industries, and the FSW division comprising of Fletcher Sutcliffe Wild, Pitcraft Summit, Aqua Hydraulics and Schopf Maschinenbau. **Mr James J. Graham** is appointed executive chairman of the Gullick division and **Mr Jack Shepherd** executive chairman of the FSW division. Both join the main board of Dobson Park Industries.

*

KENNEDY BROOKES has appointed **Mr Neville Abraham** as a full-time director of the main board. He continues as chairman and managing director of Cafe des Amis and its subsidiary, Les Amis du Vin, both now part of Kennedy Brookes. **Mr Peter Eyssens** has been appointed group general manager of the Trocadero and London Pavilion and director of Lennoxcourt and the London Pavilion. He was general manager of the Grosvenor House Hotel. **Mr Alastair McEwen** has been appointed a director of Wheelers Restaurants PLC. He is also a director of Lennoxcourt.

*

**Mr Michael Thom** has been appointed chairman of SYSTEMS DESIGNERS SCIENTIFIC, a company formed after the merger of Systems Programming Holdings with Systems Designers. He was previously government marketing director of Systems Designers. **Mr Ian Charlton** has been appointed managing director of government systems at Systems Designers.

*

BRITISH AIRWAYS has made a number of senior management appointments. **Mr Denis Tunnicliffe** becomes director marketplace performance, assuming the responsibilities previously held by **Mr Peter Bateson**, who becomes director corporate projects, a new position. **Mr Peter Owen** becomes senior general manager market centres taking on the responsibilities previously held by Mr Tunnicliffe. **Mr David Jones** becomes senior general manager marketing strategy extending his present responsibilities. **Mr Rod Lynch** becomes general manager charters and managing director British Airtours. For the time being, he will retain responsibility for the South Europe market centre.

*

**Mr Charles Curry** has been appointed managing director of GSE RENTALS, a subsidiary of Resource Technology. He joins from Microlease, where he was marketing manager.

*

**Mr Paul Howgill** has been appointed a director of HAROLD INGRAM from January 1.

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**Mr Brian Garner** has been appointed chairman of the metal finishing division of BRENT CHEMICALS INTERNATIONAL. He is managing director of Pyrene Chemical Services, another group company.

*

GODWIN WARREN CONTROL SYSTEMS has appointed **Mr Michael Strange** as president of Godwin Warren Inc, the group's operating subsidiary in the U.S. At Godwin Warren Engineering, **Mr Graham Murdie** takes board responsibility for sales and marketing; **Mr John Foster** is appointed UK sales director. Mr Strange, previously product engineering director with Godwin Warren Engineering, will move to the U.S. in early 1985 and be based in Philadelphia. Mr Murdie was vice president of the U.S. subsidiary. Mr Foster was UK marketing manager.

*

A representative office has been opened by BANK NEGARA INDONESIA 1946 in the City. The chief London representative is **Mr I. Wayan Tantra** who was deputy of Bank Negara's New York agency.

*

**Mr Malcolm Gribben** has been appointed production director (designate) of BENHAM & CO.

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**Mr Sakakibara** has assumed control of PANASONIC UK and PANASONIC INDUSTRIAL UK as its managing director. He succeeds **Mr Andy Imura** who will be returning to Japan to become a director of Matsushita Electric Trading Company. Mr Sakakibara was department manager for the East Asia region.

*

**Mr T. J. Nardecchia**, deputy chairman, has been appointed chairman of NORTHAMPTON DEVELOPMENT CORPORATION.

*

TMC, the telecommunications company of Philips in the UK, has appointed **Mr Dominic Mackay** its managing director. He was operations director.

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**Mr Ron Basher** has been appointed managing director of C. P. CHOULARTON SONS & PARTNERS. Mr Basher was managing director of Roxburghe Guarantee Corpn.

*

**Mr Peter R. Hamilton** has been appointed to the board of J. H. FENNER (HOLDINGS) as chief executive of APV Holdings.

*

Trafalgar House and Davy Corporation have appointed a managing director for their recently formed joint company TRAFALGAR DAVY OFFSHORE. He is **Mr J. A. (Jim) Law**, who is currently general manager of McDermott Engineering's European operations, and takes up his appointment on January 2.

*

**Mr T. E. H. Crawford** has been appointed head of group corporate services, MIDLAND BANK. He was regional director, Liverpool and Preston. **Mr S. P. Campbell**, area manager, Leeds East, has been appointed regional director for the north western region, which combines the Liverpool and Preston region and the Manchester region, where the present regional director, **Mr I. M. Wills**, is retiring.

*

**Mr A. J. Stradling** has been appointed managing director of TUNSTALL TELECOM and also will join the board of Tunstall Telecom Group. He joins from Racal Security where he was managing director.

*

**Mr Peter Barclay** has been appointed chairman of the SOCIAL SECURITY ADVISORY COMMITTEE, the Government's main advisory body on social security issues.

*

**Mr Jack Haslam** has joined the board of AMRA (Advertising Media Representation Agency) as financial director. He was financial director of Mills and Allen.

*

PEABODY INTERNATIONAL has appointed **Mr E. Gordon Reeves** as marketing director of European operations. He was marketing director for Peabody Holmes.



## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 9½% | ■ Hill Samuel | §9½% |
| Allied Irish Bank | 9½% | C. Hoare & Co. | †9½% |
| Amro Bank | 9½% | Hong Kong & Shanghai | 9½% |
| Henry Ansbacher | 9½% | Knowsley & Co. Ltd. | 10½% |
| Armco Trust Ltd. | 10½% | Lloyds Bank | 9½% |
| Associates Cap. Corp. | 10½% | Mallinhall Limited | 9½% |
| Banco de Bilbao | 9½% | Edward Manson & Co. | 10½% |
| Bank Hapoalim | 9½% | Meghraj and Sons Ltd. | 9½% |
| BCCI | 9½% | Midland Bank | 9½% |
| Bank of Ireland | 9½% | ■ Morgan Grenfell | 9½% |
| Bank of Cyprus | 9½% | National Bk. of Kuwait | 9½% |
| Bank of India | 9½% | National Girobank | 9½% |
| Bank of Scotland | 9½% | National Westminster | 9½% |
| Banque Belge Ltd. | 9½% | Norwich Gen. Tst. | 9½% |
| Barclays Bank | 9½% | People's Tst. & Sv. Ltd. | 10½% |
| Beneficial Trust Ltd. | 10½% | R. Raphael & Sons | 9½% |
| Brit. Bank of Mid. East | 9½% | P. S. Refson | 9½% |
| ■ Brown Shipley | 9½% | Roxburghe Guarantee | 10 % |
| CL Bank Nederland | 9½% | Royal Bk. of Scotland | 9½% |
| Canada Perm't Trust | 9½% | Royal Trust Co. Canada | 9½% |
| Cayzer Ltd. | 9½% | ■ J. Henry Schroder Wagg | 9½% |
| Cedar Holdings | 11 % | Standard Chartered | 9½% |
| ■ Charterhouse Japhet | 9½% | Trade Dev. Bank | 9½% |
| Choulartons | 11 % | TCB | 9½% |
| Citibank NA | 9½% | Trustee Savings Bank | 9½% |
| Citibank Savings | ¶10¾% | United Bank of Kuwait | 9½% |
| Clydesdale Bank | 9½% | United Mizrahi Bank | 9½% |
| C. E. Coates & Co. Ltd. | 10½% | Westpac Banking Corp. | 9½% |
| Comm. Bk. N. East | 9½% | Whiteaway Laidlaw | 10½% |
| Consolidated Credits | 9½% | Williams & Glyn's | 9½% |
| Co-operative Bank | *9½% | Wintrust Secs. Ltd. | 9½% |
| The Cyprus Popular Bk. | 9½% | Yorkshire Bank | 9½% |
| Dunbar & Co. Ltd. | 9½% | | |
| Duncan Lawrie | 9½% | | |
| E. T. Trust | 10 % | | |
| Exeter Trust Ltd. | 10 % | | |
| First Nat. Fin. Corp. | 11 % | | |
| First Nat. Secs. Ltd. | 11 % | | |
| ■ Robert Fleming & Co. | 9½% | | |
| Robert Fraser & Ptns. | 10 % | | |
| Grindlays Bank | ‡9½% | | |
| ■ Guinness Mahon | 9½% | | |
| ■ Hambros Bank | 9½% | | |
| Heritable & Gen. Trust | 9½% | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.25%, 1 month 7.00%. Fixed rate 12 months £2,500 8.75% £10,000, 12 months 9.00%.
† 7-day deposits on sums of under £10,000 6¼%, £10,000 up to £50,000 7¼%, £50,000 and over 8¼%.
‡ Call deposits £1,000 and over 6¼%.
|| 21-day deposits over £1,000 7¼%.
§ Demand deposits 6¼%.
¶ Mortgage base rate.

# Shedding the Imperial skin

BY SUE CAMERON IN LONDON AND PAUL TAYLOR IN NEW YORK

THE UK-BASED Imperial Chemical Industries should perhaps hurry up and change its name to International Chemical Industries. *Its $750m (£625m) acquisition* of the U.S.-based Beatrice group's chemical business—announced yesterday—certainly marks another step forward in ICI's attempts to slough off its Imperial past.

For some years now ICI's strategy has been to reduce its dependence on the UK and to switch the balance of its production away from traditional bulk chemicals and into specialities. *The purchase from Beatrice*—ICI's biggest U.S. acquisition since its 1971 purchase of Atlas Chemicals for $167m (£64m at the exchange rates of the day)—helps to further both these aims.

The acquisition also completes the first phase of a massive divestiture programme being undertaken by Beatrice, the U.S. food and consumer products group, following its U.S.$2.8bn purchase of fellow food manufacturer Esmark in July.

The main thrust of ICI's efforts to become less reliant on the UK market has centred on its investment in the U.S. — the biggest chemical market in the non-communist world.

Over the past 10 years ICI has invested some $1bn in the U.S. This includes acquisitions—such as Stuart Pharmaceuticals, which is said to be one of the fastest growing pharmaceutical companies in the U.S. — and the building of new plant. As a result ICI has wrought substantial changes in the geographical pattern of its sales.

In 1979, when ICI's total turnover was around £5bn, North America accounted for 14 per

Mr John Harvey-Jones, the chairman of ICI

cent *of its chemical sales, Latin* America for 4 per cent, the UK for a sizeable 38 per cent and the rest of Western Europe for 22 per cent. By last year the UK share had been cut to 29 per cent while the proportion of sales in the Americas had edged up to 22 per cent.

ICI's current turnover in the U.S. is around $1.5bn. But the acquisition of the Beatrice business is expected to take that figure up to $2bn. Beatrice chemicals' sales in the current year are forecast to be $480m and pre-tax profits are predicted to rise from $63m in the last *financial year to $75m.*

But the Beatrice business will do more than further reduce ICI's traditional reliance on the UK and its low growth economy. It will also strengthen the company's speciality production.

The term "speciality chemicals" includes fine chemicals such as agrochemicals and pharmaceuticals. But in ICI's view it can also mean any product which has a particularly good niche in the market or any chemical where ICI is ahead of the game in terms of research and development—including the development of production technology.

The Beatrice chemical business is concentrated on the kind of speciality areas that ICI likes. Among the Beatrice range of products are the type of high performance plastics that are used in engineering, defence and aerospace. It also makes chemical finishes for leather, resins *and binders for paints.*

In July last year ICI brought together an entire range of speciality chemicals, raiding its Atlas Chemicals business in Western Europe and its UK organics division to do so. The new group, which had initial sales of $150m, was put under the direction of Mr Harry Corless, ICI's American chief executive. The Beatrice acquisition is expected to fit in well with this.

When Mr John Harvey-Jones took over the chairmanship of ICI two-and-a-half years ago he spoke of his plans for "buying *market position.*" Yesterday's announcement suggests that this is one policy he is still pursuing with determination.

As for Beatrice, it announced after its Esmark acquisition that it planned to divest a wide range of units which do not fit in with its central strategy of concentrating on the worldwide food and consumer products business.

The Chicago-based group, which had net earnings last year of U.S.$334m on sales of U.S.$9.33bn, said it planned to realise $1bn in asset sales before the end of its fiscal year in February, and over $2bn over a two-year divestiture programme. *This was to focus on five business segments:* Esteck, a fertiliser business; Buckingham Corporation, a wine and spirits group; Food Equipment, a food services unit; and its bakery business and Beatrice Chemicals.

The proceeds of the asset sales will be used to reduce the $2.5bn debt the group incurred in the Esmark purchase, and its gearing ratio, which the Esmark deal doubled to 67 per cent.

*The sale to ICI completes the* first phase of this programme which has generated about $1.1bn *in gross proceeds.*

In addition, Beatrice has:

● Completed the sale of its New York-based Buckingham wine and spirits business to Whitbread, the British brewing group, for $110m.

● Earlier this week it agreed to sell its agricultural products business to Pacific Molasses, a subsidiary of Tate and Lyle, for $48m, and its Techtron graphic art operations and leather operations to private investor groups. Together the three businesses will be sold for $117m.

● Agreed to sell its food services business for $116m to Gibbons, Green Van Amerongen, a New York investment banking group specialising in leveraged buy-outs for $116m.

● Announced an agreement to sell Brillion Ironworks to the Robins Group for $32.5m.

See Lex

# Smith Bros sharp rise helped by UK equities

PRE-TAX profits of Smith Bros., the London stockjobbers, jumped sharply to £1.79m in the six months ended October 20, against £802,000 in the comparable period. The interim dividend is being raised from 1p to 1.5p a share, and Smith's chairman, Mr Anthony Lewis, indicates a good start to the second half, although he declines to make any forecast for the full year.

Underlying profits in UK equities and traded options have been extremely strong but this buoyancy has been partially offset by initial losses of £2.9m on the international dealing subsidiary which started operations in the spring. This operation is 49 per cent owned by the Rothschild banking group, which, allowing for loan stock conversion rights, holds an effective 29.9 per cent stake in Smith.

Mr Lewis said that the results of the international dealing operation had improved since the end of the half-year, partly because of a refinement of methods and because costs had been brought under better control.

But business had been adversely affected by depressed conditions in the gold share market, a key sector for this subsidiary. However, one or two other sectors like Hong Kong and Continental European stocks had improved lately.

Buoyant results in UK equities partly reflected the Rothschild link which not only brought in new capital and thus permitted Smith to run larger positions but which had also raised the firm's *standard in the market.* "People show us business which we didn't see before," according to Mr Lewis.

Smith aims to continue to raise its scale of business in UK equities, where Mr Lewis notes an increasing number of large lines of stock. "A million GEC is a commonplace amount of stock nowadays," he says.

He is also enthusiastic about traded options, where the company enjoyed a profitable first half, and he sees "quite a sharp potential for expansion." This does not seem to apply to the financial futures exchange Liffe, however, where Smith is keeping a low profile.

As for gilt-edged, Mr Lewis is sceptical about the prospects for *initial market-makers in the new-*style market planned by the Bank of England, and states firmly: "We have no plans at the moment to become a primary dealer in gilts."

Smith in recent years has made the bulk of its profits in the second half of its year and already November has proved a very profitable month while the British Telecom flotation has added a sizeable bonus in the past week or so.

# Unigate £2.3m ahead and interim raised

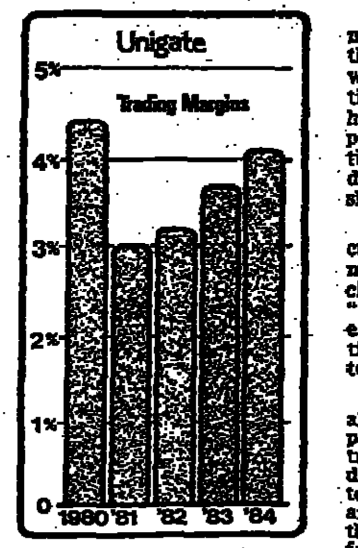
THE OUTLOOK for the current year of Unigate remains that of continued real growth in pre-tax profits, the directors report in their interim statement.

For the half year ended September 30 1984 the profit before tax rose from £23.6m to £25.9m. At the operating level *it was up from £31m to £34.4m.* An due improvement was spread across the group with the exception of Unigate Dairy Holdings. Here the result was depressed because of a delay by the Government until June 3 of an increase in the retail price of milk, following an earlier wholesale price rise.

Net interest payable and other finance charges were ahead by £1.2m to £9.5m, mainly due to changes in relative exchange and interest rates and the remainder to servicing the net cost of acquisitions. Tight cash control was maintained throughout the group's businesses.

The interim dividend is being lifted from 2.75p net to 3p net on unchanged earnings of 7.3p. The 1983-84 final was 4.75p when the pre-tax profit came to £57m.

Turnover in the half year expanded by £81.6m to £937.1m. A split of the trading profit shows:—dairy £17.3m (£18.1m); meat £2.1m (£1.8m); Wincanton, engineering, £4.7m (£4.6m); Giltspur, removals and exhibitions, £4.5m (£3.4m); international £5.4m (£4.4m); other £0.4m (loss £1.3m). The UK accounted for £26.4m (£25.2m), the U.S. £7.8m (£5.3m), and elsewhere £0.2m (£0.5m).




The directors say there is "a more encouraging outlook" in the UK dairy business as a whole; the decline in consumption of liquid milk appears to have stabilised at a little over 1 per cent annually, and consumption of low-fat milk and other dairy products is still rising sharply.

In addition, the course of discussions on the future of liquid milk costing (following the anticipated Government withdrawal), suggests that a system will emerge which will provide continued stability in the market, to the benefit of all concerned."

Meat operating profits moved ahead, despite a difficult marketplace. The divisional return on trading capital is, however, still depressed by Bowyers. Wincanton group results for the year are likely to remain static though the future outlook is more favourable. *Giltspur is enjoying* a record performance.

In the international division Casa Bonita, Gardenia and Boel Foods continue to grow and Frigo Cheese Corp is staging a major recovery despite continuing pressure on its market place.

See Lex

# Greene, King rises to £3.7m halfway

First half profits rose from £3.4m to £3.66m pre-tax at Greene, King & Sons, the Suffolk-based brewer, and the directors are confident that the full year result will show an *improvement over* the £8.76m attained in 1983/84.

Earnings per share, after a higher tax charge of £1.4m (£1.23m), were stated as 5.5p (5.3p). The interim dividend for the six months to October 28 1984 is up from 1.43p to 1.54p — the total payout last year was 4.35p (3.95p).

Turnover for the interim period was £2.92m higher at £39.71m, producing trading profits of £3.49m (£3.14m). Associate *companies* contributed £194,000 (£301,000).

There were extraordinary credits of £1.53m (£49,000) arising from the disposal of C.C. Soft Drinks.

## Canvermoor

*Recession in the north of* England and the miners' strike has "considerably depressed" profits at Canvermoor from £521,165 to £402,565 for the year to the end of September 1984, says the directors. Turnover rose from £3.1m to £3.75m—the company makes and distributes bottled drinks.

The final dividend of this USM stock has been held at 2.44p which maintains the total at 3.64p. Earnings per 25p share are shown as 4.9p (12.7p).

# Hotels help push Vaux to £13m

*EXPANSION* in the hotels side helped Vaux Breweries to a £957,000 profit increase in the year ended September 29 1984. The profit before tax came to £13.03m and the final dividend is 6.655p for a net total of 10.055p, against 9.075p.

With the preliminary statement the directors of this North-East based group announce the purchase of off-licences and pubs for a total consideration of some £5m, comprising the issue of 2.1m shares and payment of £200,000 cash. Completion is due on January 4.

In the year turnover rose from *£108.8m to £126.8m* and the trading profit from £12.15m to £13.18m, with breweries accounting for £7.58m (£8.12m), Swallow Hotels £5.16m (£3.78m), and wines and spirits £438,000 (£253,000).

As regards the current year, Mr Paul Nicholson, chairman, *says he is optimistic about* prospects. Despite the miners' strike the company beer volumes are ahead of last year, while Swallow Hotels has made a good start. The expanded chain of Blayneys off-licences is also well placed to serve the growing take-home trade.

The *current acquisitions* comprise 65 off licences bought from J. W. Cameron—28 freehold and 37 leasehold including all fixtures and fittings—for £2.5m together with trading stock valued at a minimum £0.8m.

The shares issued as part consideration have been placed through the market, but will *not* rank *for the proposed final* dividend.

During the year Vaux invested £3.6m in maintaining and improving the licensed estate, including the acquisition of four pubs and major alterations in a further 47. Capital spending totalled £16.6m and there are plans for a major programme of further pub improvements and continuing development of the breweries, as well as new leisure centres for Swallow

"*This may mean a net increase* in borrowings but allowing for this the company's gearing at around 13 per cent will still be relatively low," says Mr Nicholson.

### ● comment

With little prospect of a marked improvement in beer sales, the diversification of Vaux Breweries into hotels and off-licensing is proving a rewarding strategy for shareholders. Vaux has made some sound purchases, with the exception of the Fred Koch brewery in New York State which should be sold soon. Hotels have performed well and Vaux will probably expand its chain when it feels prices become more realistic. Vaux has moved fast to increase the size of its off-license chain too, almost doubling the size of a year ago, with the acquisition of J. W. Cameron's outlets. On the brewing side, it is happy with its presence in London with the purchabse of two more pubs and is *not expected to expand* further for some time. It will concentrate capital expenditure in 1985 at levels similar to this year, on further maintenance and improvement. The shares at 241p give a PE of 8.5 and a 6 per cent yield.

# Volumes rise at Fuller

A NEAR 18 per cent improvement in first half profits was achieved by Fuller, Smith and Turner and the company is confident that the full year result *will be in excess of the £3.08m* attained in 1983-84.

Mr A. G. F. Fuller, chairman of this brewer and wine and spirit merchant, *says* the first half taxable rise from £1.52m to £1.79m mainly stemmed from higher beer volumes and better returns from the managed *public houses.*

Turnover for the 26 weeks to September 28 1984 rose by 13.5 per cent from £15.37m to £17.46m.

The interim dividend is 2.4p, *against 2p, on the "A" ordinary* shares, which are quoted on the USM, and 0.24p (0.2p) on the 10p "B" ordinary. Earnings per share are shown as rising from 11.86p to 12.47p on the "A" shares.

Tax charge was £831,000 (£640,000) leaving a net balance *of £954,000 (£877,000).*

# Sidlaw is ahead despite offshoot loss

Despite a loss of £370,000 relating primarily to Gate Microsystems, Sidlaw Group has lifted taxable profits from £6.03m to *£6.38m in the year to September* 28 1984.

The dividend is to be raised by 4p to 20p net per share with *the payment* of a 14p final. Earnings per share are given at 40.95p against 46.09p last time, when the subsequently sold subsidiary Skean Dhu contributed 8.35p. A *one-for-five scrip issue is pro*posed.

The results of the interest in Drexel Oilfield Services (HK), acquired last April, are not included in the current figures.

Turnover of the group, which provides services to the North Sea oil and gas industries and *spins jute and synthetic yarns,* moved ahead from £43.07m to £48.8m. A breakdown of operating profit reveals: oil services £5.2m (£4.66m); textiles £1.63m (£1.2m): Skean Dhu added £28,000 (£412,000).

# Arlington up slightly

Slightly higher first-half taxable profits of £1.07m, against £1.03m, were attained by Arlington Motor Holdings, motor dealer, on higher turnover of £38.52m, compared with £34.83m.

The 26 weeks to September 26 1984 saw trading profits increase from £1.38m to £1.42m. Share of profits from Arlington Motor Finance rose to £74,000 (£20,000).

An unchanged interim dividend of 2.5p, costing £112,000, is being paid.

# RHP recovers sharply to £6m

THE RECOVERY which was underway at the interim stage has continued through to the year end at RHP, with pre-tax profits amounting to £6.23m against £660,000 for the 52 weeks to September 28 1984. A final *of 1.75p more than* doubles the total dividend, from 1.25p to 3p.

The results show group profits "substantially better" than in the past three years and second only to the record £10.15m in 1980, say the directors.

With all activities operating at a profitable level, and with the strengthening of order books in each group company, the directors are "confident for the future."

Turnover of this manufacturer of bearings, electrical products and fasteners moved up from £102.38m to £105.71m.

Earnings per 25p share were shown as 11.1p (1.8p).

At the halfway stage there was a turnround to pre-tax profits of £2.11m (losses £899,000) and the directors reported better trading conditions and said the company had benefited from cost reduction *and productivity programmes.*

Net borrowings at £8.6m represent just 15 per cent of shareholders' funds.

### ● comment

RHP sounds rather pleased with it bearings business—and with *some justification* following the recovery in profits from £0.2m to £4m. The result is the culmination of extensive efforts to rationalise which has largely meant surrendering the volume end of the market to aggressive Japanese manufacturers, and perhaps to a lesser extent SKF. RHM has pulled back the break even point on a business that traditionally relied upon high volume and the argument now is that its concentration on the specialist, quality end of the industry provides its own defences against further incur*sions from outside. That is true* up to a point but the question still remains—should RHM maintain a long term presence in bearings. Having shrunk the operation into a profitable unit perhaps the management is tempted to sit back and await a suitable cash offer from one of its competitors. Ideally bearings, in the meantime, would provide the cash to expand into electronics by acquisition—leastways that is how the market views it. *The price of 83½p where the p/e is 7½ is currently emphasising* the "rosy" electronics angle, yet bearings still account for 80 per cent or more of the asset's base.

# Guidehouse and Country Gardens seek BES equity

BY WILLIAM DAWKINS

THE MOST recent companies to seek equity under the Business Expansion Scheme (BES) are *The Guidehouse* Group, an issuing house, leasing group and management consultancy, and Country Gardens, which plans to start business as a garden centre operator.

Guidehouse is offering for subscription 4m new shares at 26p each, 28.6 per cent of the enlarged equity, which is valued at £3.64m (excluding warrants) at the issue price.

Taxable profits are forecast to *rise from £188,000 to £240,000* in the year to the end of this month, which puts the offer price on a prospective earnings multiple of 16.7 after a 35 per cent tax charge.

Guidehouse was incorporated in 1978 and has been a licensed dealer in securities for nearly four years. It is a member of the National Association of Security Dealers and Investment *Managers. As an issuing house,* Guidehouse has been involved in raising more than £30m under the BES for 30 companies and provides advisory and consultancy services to over 150 corporate clients.

The subscription money is to fund new activities, provide cash *for direct equity investment* and improve the capitalisation of Greyfriars Trust, the group's lending subsidiary.

*Country Gardens is looking* for roughly £1m, subject to a minimum of £100,000 through an open offer for subscription of 50p shares. Applications must be made to Courthand Financial Services of Esher for a minimum of 5,000 shares in multiples of 500.

# Harold Ingram sounder and resumes interim

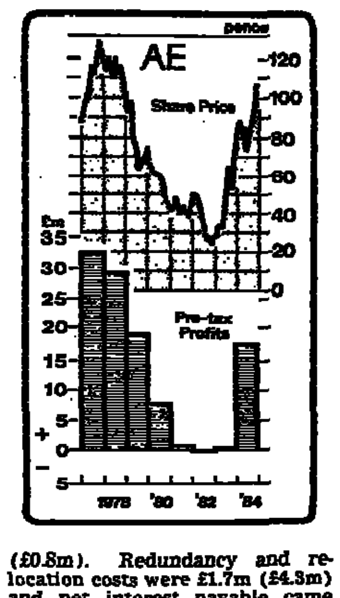
The business is in sounder shape than it has been for some years, say the directors of Harold Ingram, which designs, manufactures and markets knitted garments.

For the six months to October 31 1984 the company returned pre-tax profits of £137,000 against a *loss of £33,000,* and is paying an interim dividend of 1p net. This is the first dividend since a 1.44p interim was paid in January 1980.

Although at this stage the dividend and profits are small, the directors say the positive turn-around demonstrates a *marked improvement in the* company's fortunes, and they expect profits in the second half to show an improvement on the first. For the year ended April 30 1984 the company made taxable profits of £33,630.

For this half net earnings per 10p share were stated as 2.32p.

# AE holds growth rate: dividend raised to 4.25p




PROGRESS HAS continued for AE, the engineering group serving the vehicle, aircraft and marine industries. In the second half it has produced a profit of £9.1m to make a total of £17.3m for the year ended September 30 1984, compared with £400,000 in the previous year. The final dividend is 2.5p to lift the net total from 1.4p to 4.25p.

Mr John Collyear, chairman, says the turning point predicted lasty ear took place and the progress, in spite of the internationally competitive position, "has been encouraging and I believe sustainable." Confidence in the future, he says, is based on the advanced technology spearheading market penetration in the world's major markets.

The chairman says with the gross margin unchanged an increase in sales volume contributed £10m to the profit increase, beneficial exchange rates produced £100,000, lower redundancy and related costs £2.6m and reduced interest charges £900,000. Cost savings gave rise to £2m and a cut in the South African losses contributed £1.9m, while the increased costs of industrial disputes is estimated at £500,000.

Sales in the year came to £398.4m, a rise of £28.8m, while the operating profit almost doubled from £14.2m to £27.6m. Of the sales the UK took 49 per cent (48) and other EEC countries 22 per cent (21). Some 42 per cent (48) represented sales to the replacement market, some part of the fall overseas being attributed to the sale of AE Motor Spares.

A spli of the operaing profit shows: UK manufacturing £22.9m (£15.2m); UK distribution nil (loss £0.6m); South Africa £0.7m (loss £1.2m); other overseas £4m (£0.8m). Redundancy and relocation costs were £1.7m (£4.3m) and net interest payable came to £8.6m (£9.5m).

UK distribution wiped out the first half loss put continued to operate at a very low level of profitability as a consequence of continuing losses at Edmunds Walker, which has been sold. Interest charges were up in the second half almost solely as a result of high rates in South Africa, while redundancy costs were the lowest since 1979. The group is still carrying forward £3.1m (£3.8m) of unspent redundancy accrual.

Net borrowings have been reduced by £9.8m to £44.5m at the year end, equal to 31.3 (39.2) per cent of ordinary shareholders' funds of £142.3m (£138.6m). The sale of Edmunds Walker for some £15m had a significant effect on the position. Capital expenditure was up from £17.8m to £24.6m.

### ● comment

There is not the remotest chance that AE will be able to repeat its 1984 jump in profits; the distance between making nothing and making a 12 per cent return on capital is evidently far easier to span the gap between 12 and, say, 20 per cent. So the shares may well have travelled most of the recovery track. Certainly, their current 106p is a very encouraging premium to last year's frustrated offer from GKN. But there will be something to come this year just in terms of loss elimination—following the sale of the parts distribution company to Unipart—and a further flow through from redundancies, more tangible in 1985 since the rate of rationalisation will be lower. Even if it takes time for the latest overseas investments to pay off—a small joint venture in Korea has yet to be formally announced—there could be pre-tax profits of some £24m. That makes for a prospective multiple of about 6 on a probable tax charge near 26 per cent, so even if the ride is less exciting in the near future, it should at least be well sprung.

# Arthur Lee maintains recovery in second half

THE UPTURN evident at the halfway mark continued in the second six months at Arthur Lee & Sons, resulting a full year taxable profit of £1.53m compared with a £571,000 loss.

The second half generated £1.16m, the highest earnings in any six-month period for five years. Demand was satisfactory in the majority of the group's manufacturing operations, which, together with the rationalisation benefits, was the major cause of the improvement.

Arthur Lee manufactures steel bars, strip and wire roupe. Turnover for the year to September 30 1984 was higher at £64.74m against £56.32m. Profits were struck after bad debt of £280,000 and redundancy costs of £107,000.

The dividend is being partially restored with a final payment of 0.9p (0.3p), making a total of 1.2p (0.6p). Earnings per share are shown as 3.18p (losses 2.11p).

The group's balance sheet remains strong, the directors say, with net borrowings at the end of September equivalent to 21 per cent of shareholders' funds.

Tax for the year was £529,000 (£71,000). There were extraordinary debits of £129,000 (£182,000). All dividends will absorb £383,000 (£197,000).

# Utd. Scientific £3m fall to £12m but order book strong

United Scientific Holdings reports a fall in full year taxable profits from £15.22m to £12.07m, but the directors expect a better result fo the current 12 months with the order book standing in excess of £160m.

Turnover for the year under review to September 30, 1984 was down by £11.79m at £120.01m. The company manufactures amoured vehicles, and optical and electronic equipment.

Included in the forward orders is a contract to supply at least 120,000 rifle telescopes for the Army's new rifle.

Despite the profits fall, the final dividend is being raised from 3p to 3.5p for a higher total payout of 5.5p (5p). Earnings per share fell from a stated 17p to 14.3p.

The directors say that the Dallas, Texas, will be completed next March, at which time the company will have the "most modern and fully integrated night vision tube and systems facilities in the U.S.

This, they say, is particularly timely since the U.S. Army is preparing to place significant major contracts for passive night vision equipment, for which only integrated tube and systems producers will be qualified.

The cost of the Ni-Tec move has been accounted for in full in the year's accounts, shown as an extraordinary item of £3.64m. Tax amounted to £4.11m (£5.98m) and minorities totalled £238,000 (£61,000)—there were extraordinary debits last time of £192,000.

### ● comment

United Scientific Holdings has duly delivered the lower pre-tax profits indicated in its October alert. The shares rose 13p to 218p partly out of relief and partly on the forecast of higher profits this year. The market also welcomed the hint that USH might get a share of the $700m orders the U.S. Army is expected to place for night sights. That said, there is no big contract news from Alvis. How then to value USH shares in the wake of their collapse from a peak of 491p last year? Assuming current year profits of £15m and a 35 per cent tax charge they change hands on a multiple of 12½. Given that Alvis might be rated at perhaps 6 to 7 on its own, and the electro-optical businesses in the high teens, the price seems fair.



# RFD Group lower but improvement expected

AS MR A. G. Macpherson, chairman of RFD Group, warned in August, the company had a slow start in the first half. For the six months to end-September 1984 the group, which manufactures safety and survival products, defence equipment, specialist textiles and cable components, saw its pre-tax profits fall from £568,000 to £512,000, after substantially higher interest charges of £197,000 against £74,000.

On turnover ahead by £3.06m to £20.59m, which includes £2.53m in respect of estimated sales value for work on long-term contracts not yet invoiced, the group made a trading profit of £709,000 compared with £624,000.

The directors are still expecting some improvement in the profits for the full year, however, and have declared an increased interim dividend of 1.015p per share (0.924p). Last year's 3.388p was paid on profits of £1.68m.

The chairman says that there has been an element of "swings and roundabouts" within the group. Continued losses in the U.S. parachute subsidiary required the group to stop manufacturing in October and to transfer some of its order book to the UK. Also, in the early months of the year demand for commercial marine life-saving products was unusually depressed.

On the other hand, Mr Macpherson says, there has been a distinct recovery in Cable Components, and the Textiles division has continued to perform well. In Defence also good progress has been made on the contract for the five new training theatres. Elsewhere in this division the group is experiencing a more difficult market for parachute equipment.

Total tax charges after a credit of £79,000 from overseas came to £258,000 (£108,000), and minorities took £10,000 (£22,000), leaving attributable profit at £244,000 (£437,000). After dividend payments totalling £140,000 (£128,000), there was a transfer to reserves of £104,000 (£309,000).

Stated net earnings per 10p share were down from 3.19p to 1.78p.

# Stoddard moving slowly but continuing on course

ALTHOUGH THE rate of recovery at Stoddard Holdings, the carpet manufacturing group, is not as fast as would have been achieved in more buoyant conditions, the directors are satisfied that the group is "still on course."

Chairman Mr Gordon Hay reports a first half, to end September 1984, trading profit of £26,000, against a loss of £164,000. But finance charges of £323,000 (£233,000) turn that into a loss of £297,000 (£397,000). The chairman says the economy continues to be a hindrance to the speed of the recovery plan, but "we are looking to our own efforts for the return to profitability."

Turnover fell from £15.85m to £15.14m. In the UK Stoddard suffered a reduction of only 3 per cent against the full 10 per cent cut in overall market volume, and part of this was due to the elimination of unprofitable lines.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| AE | 2.5 | March 4 | 1.4 | 4.25 | 1.4 |
| Arlington Motor ......int | 2.5 | Jan 31 | 2.5 | — | 8.5 |
| Brit Building ......int | 1.35 | Feb 8 | 1.25 | — | 3 |
| British Steam ......int | 2.25 | — | 1.82* | — | 5.32 |
| Canvermoor | 2.44† | Feb 22 | 2.44 | 3.64 | 3.64 |
| Carr's Milling | 3.75 | Jan 25 | 3.75 | 5.5 | 5.5 |
| Eldridge Pope | 2.8 | — | 2.42* | 4.9 | 4.26* |
| Fuller, Smith | 2.41 | Jan 17 | 2 | — | 5.25 |
| Fuller, Smith | 0.24‖ | Jan 17 | 0.2 | — | 0.53 |
| Greene King ......int | 1.54 | Feb 1 | 1.43 | — | 4.35 |
| Haslemere Estates ...int | 2.3 | Feb 1 | 2.09 | — | 8.7 |
| Harold Ingram ......int | 1 | — | nil | — | nil |
| Arthur Lee | 0.9 | Feb 22 | 0.3 | 1.2 | 0.6 |
| London Merchant ...int | 0.7 | Feb 9 | 0.6 | — | 1.85 |
| Mitchell Somers ......int | 1.5 | — | 1.5 | — | 3.25 |
| A. Monk ......int | 2 | — | 2 | — | 6.5 |
| N. Midland Const | nil | — | nil | nil | 0.33* |
| Reliable Props | 2.25 | — | 1.75 | 3.5 | 3 |
| RFD Group ......int | 1.02 | Mar 4 | 0.92 | — | 3.39 |
| RHP Group | 1.75 | Feb | 0.75 | 3 | 1.25 |
| Richards | 0.95 | — | 0.45 | 1.45 | 0.75 |
| Sidlaw | 14 | — | 11 | 20 | 16 |
| Smith Bros ......int | 1.5 | Feb 1 | 1 | — | 5 |
| Thorpac Group ......int | 1‡ | — | 1 | — | 2 |
| Unigate ......int | 3 | April 1 | 2.75 | — | 7.5 |
| Utd Scientific | 3.5 | April 9 | 3 | 5.5 | 5 |
| Vaux Breweries | 6.66 | — | 6.05 | 10.06 | 9.08 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶On "A" shares quoted on the USM. ‖On "B" shares.

# UK COMPANY NEWS

## LMS up to £7.5m midway on oil and gas strength

WITH ALL principal activities at **London Merchant Securities** showing improvements, taxable profits for the six months to September 30 1984 more than doubled from £3.55m to £7.52m.

The rise was achieved despite the effect on income of continuing substantial expenditure on property and energy development, says Lord Rayne, the chairman, and with no contribution from Carlton Industries, sold last April. Carlton added £1.08m last time.

The chairman says that this "ongoing investment" in property and energy may be relied upon to maintain strong profit growth in future years, although no significant further increase is expected in the current second half.

The interim dividend is to be raised from 0.6p to 0.7p net, with earnings per share stated at 2.99p (0.84p) for the period. The total for the last full period reached 1.88p on profits at a record £13.14m.

Most of the increase at the trading level for this investment holding company came from oil and gas interests, which turned a £475,000 deficit last time into a £3.75m profit, and there was also a significant rise in investment income, from £1.38m to £2.74m. Net rental income rose from £5.25m to £5.68m.

Lord Rayne comments that net rental income from investment property continued to advance, and this trend will be maintained in the current period. The share of profits from related companies reflects, for the first time, the full benefit of production from the Maureen oil field for the whole of the half.

Century Power and Light, 29.4 per cent owned by LMS, has now enjoyed 12 months' contribution from the Maureen field, and the Department of Energy has recently approved an extension of the plateau production of about 74,000 bpd to the end of next year.

First Leisure Corporation, 28.85 per cent owned, made "excellent progress," says the chairman, turning last year's "normal seasonal loss" into a profit. This improvement has continued and will be reflected in enhanced full year profits.

There were setbacks in property trading, where profits fell from £122,000 to £88,000. Lord Rayne explains that while serious interest is being shown by prospective tenants in the Angel Centre office building, carrying costs relating to the unlet portion, previously capitalised, have been set off against income since last April.

The taxable figure was struck after interest payable at £3.28m against £2.67m.

The tax charge came to £1.99m (£1.55m), including £890,000 (£264,000) attributable to related companies. Minorities took £751,000 (£366,000) to leave £4.75m (£1.34m) available for distribution. The dividend will account for £1.12m.

**● comment**

London Merchant Securities has more than doubled its profits thanks almost entirely to the first production from the Maureen Field, an 11.5 per cent stake in which is Century Power and Light's prime asset. An unusual first-half profit from the highly seasonal First Leisure did the rest. Add to that a halved tax rate, and earnings per share have multiplied more than threefold. The Angel Centre remains unlet — hence the relatively flat net rental income — but the group has good reasons for holding out for a suitable single tenant. The arrival of a big corporate name would help to uplift values for the other 10 acres of property which LMS owns in the area, and the extent of rival developments indicates that it is not the only one with high hopes. The ordinary shares gained 1p to 76p, where the fully diluted prospective multiple is 16.2 assuming full-year profits of £16.5m and a 26 per cent tax charge.

## Static gold output and rising costs hit Anglovaal mine

BY KENNETH MARSTON, MINING EDITOR

Anglovaal group's **Loraine** gold mine at the northern end of South Africa's Orange Free State is feeling the effects of rising costs and a virtually static gold output.

Mr D. J. Crowe, the chairman, says in the annual report that operating costs are rising in line with the increasing average depth of mining operations. In order to offset the effects of this, Loraine is continuing feasibility studies of expanding the annual ore milling rate to about 2m tonnes from the present 1.6m tonnes.

The mine, with its marginal gold grades, is particularly vulnerable to cost inflation. Mining conditions are difficult owing to a multiple reef structure and underground temperatures that increase sharply with depth—the rock temperature is 44 degrees centigrade at the lowest level—with the result that a good deal of underground refrigeration is required.

The property is bordered by the Anglo American Corporation group's Free State Geduld mine, which comes into the scheme being considered for a merger of the Anglo group's OFS mines into one giant complex with the resultant increased efficiency of large scale working.

It has been argued that there could be mutual benefits if Loraine were invited to join the merger scheme, particularly as the company has a large assessed loss for tax purposes. But it is not clear how the South African authorities would react to this.

In the year to September 30, Loraine's milling grade was 5.2 grammes gold per tonne and its gold output from 8,497 kg to 8,390 kg. Profits were reduced to R12.2m (£5.5m), from R16.3m.

## F & C Eurotrust to raise £4.9m

F. & C. Eurotrust, part of the Foreign and Colonial Management group, has shown its continuing confidence in the long term outlook for European equity markets by proposing to raise £4.85m additional capital.

The fruit will raise approximately £4.85m by way of a *rights* issue of 5¾ per cent convertible unsecured loan stock 1996 at par, on the basis of £2 nominal of stock *for* every three ordinary shares of 25p each *held at the* close of business on December 6 1984.

Stock *of £100* will be convertible into 80 ordinary shares of the company which is *equivalent to a conversion rate of 125p* per share. Cazenove has underwritten the issue.

## Second half upturn at Carr's

A STRONG second half has enabled **Carr's Milling Industries** to stage a partial recovery in the year to September 1 1984, and the group is to ask shareholders *for nearly £1m net of expenses* by way of a one-for-four rights issue.

Proceeds of the issue are to be used to take advantage of market opportunities by further internal expansion, and to set up or acquire "compatible or complementary" businesses—Carr's is a flour miller, animal feeding stuff manufacturer, baker, agricultural merchant and engineer, with *latest annual* turnover of £51.12m (£44.91m).

The issue is priced at 85p per share, and dealings will commence on December 17. It is underwritten by Kleinwort, Benson and brokers are Scrimgeour, Kemp-Gee.

The second half of the period under review added £411,000 against £220,000 for a pre-tax total of £554,000. This was down on the comparable £590,000, but the directors state the improvement, achieved towards the year end is being maintained, with a "very encouraging start" to the current term.

They explain that the depressed first half was due to a *temporary increase in operating* costs as a result of the disruption to production during the major capital projects undertaken at the Carlisle bakery and the Silloth flour mill. These projects have now been completed.

The second half improvement was attributable to lower costs from the capital expenditure programme, and improved margins in the bakery and animal feed sectors. The directors view the group's prospects with confidence.

The final dividend is held at 3.75p net, for an unchanged total of 5.5p. Earnings are stated at 16.5p (17.6p) per share after tax at £30,000 (£12,000). The *dividend will absorb a same again* £275,000.

## COMPANY NEWS IN BRIEF

WITH THE performance from the dyeing division well short on the previous year and the knitwear side unable to get into profit despite an improvement, **Hicking Pentecost** reports a fall from £21,000 to £7,000 in pre-tax profits for the six months ended September 30 1984.

The directors have decided against paying an interim dividend. It is, however, their *intention to make a return to the* dividend list as soon as results allow.

* * *

BEARING in mind heavy investment in the new Scimitar SS1 sports car at **Reliant Motor**, Mr J. F. Nash, chairman, says that a fall in pre-tax profits from £176,000 to £86,000, is "satisfactory."

Turnover of this USM car manufacturer moved ahead from £12.82m to £13.61m.

There was a tax charge of £9,000 (credit £41,000), and earnings per 5p share are shown as 1p (3.9p).

* * *

On turnover ahead by £1.54m at £8.78m, pre-tax profits at West-Midlands based **Baggeridge Brick** rose from £837,000 to £1.6m for the year to end-*September 1984*.

A final 4.375p dividend will be paid, bringing the year's total to 6.25p (5.25p). Net earnings per share were shown at 23.7p (18.56p).

* * *

For the six months to end-September 1984 the **Warehouse Group** has achieved pre-tax profits of £154,000, compared with £104,000. Turnover of this Bristol-based fashion boutique operator increased from £2.08m to £3.19m, with an operating profit of £171,000 against £104,000.

Stated net earnings per 25p share fell from 15.9p to 12.1p basic, and from 15.4p to 11.6p fully diluted.

Interest took £17,000 (nil), and tax £65,000 (nil). As usual there is no interim dividend. The company paid a single dividend last time of £3.75p on profits of £265,000.

* * *

Edinburgh-based livestock auctioneer and estate agent **John Swan & Son** produced an increase in pre-tax profits from £114,000 to £130,900 for the half year to the end of October 1984. Turnover moved ahead from £471,000 to £521,000. Earnings per 25p share are shown as 12.5p (8.2p).

* * *

After tax of £1.21m (£1.18m) revenue of the **Property Holding and Investment Trust** emerged higher at £1.54m for the six months ended September 30 1984, against £1.23m. On capital increased by the one-for-one scrip, earnings per 25p share are shown as 1.95p (1.59p) fully diluted, and the interim dividend is effectively lifted from 0.81p to 0.89p.

* * *

*On lower turnover of £4.79m* against £4.82m, pre-tax profits at **LPA Industries** improved from £725,000 to £779,000. The net final dividend of this maker of industrial electrical accessories, which came to the USM last February, has been effectively raised from 1.17p to 1.4p, making a total of 2.45p (2.1p).

* * *

Profits before tax of **A. Cohen**, metal refiner and manufacturer of non-ferrous alloys, rose by £106,000 to £1.12m for the six months to June 30, 1984 and figures for the second half are expected to be ahead of those now reported.

The interim dividend is lifted from 3p to 3.3p net per 20p share. Turnover totalled £26.05m (£19.35m). Taxable profits for the 1983 year reached £2.59m (£1.17m).

* * *

WITH THE newly acquired *textile rental business contributing* £289,000, the **Charles Baynes** group has produced a pre-tax profit of £558,000 for the year ended September 30 1984. This reprsents an 82 per cent advance *on the annualised £230,000* attained in the previous nine months. The final dividend is the promised 1.75p for a net total of 2.25p, a rise of 108 per cent on the annualised 0.8125p.

* * *

Hit by losses on two contracts, pre-tax profits of **West's Group International**, engineering concern, dived to £185,000 for the 26 weeks to September 30 1984, against £858,000 *for 27 weeks last* time. Turnover dropped from £27.26m to £22.39m.

The net interim dividend is maintained at 2.5p. Earnings per 25p share declined from 7.6p to 1.5p. Tax took £62,000 (£259,000) and there were extraordinary debits of £191,000 (£70,000 credits) for redundancy and reorganisation costs.

* * *

*Previous rationalisation* measures contributed to an increase in pre-tax profits of **Jacksons Bourne End** from £168,000 to £229,000 for the 28 weeks to October 13, 1984. Turnover *of the company, which* makes components for the automotive, shoe and furniture industries, was lower at £2.51m, against £2.67m.

The net interim dividend is effectively doubled *to 2p*. Earnings per 25p share rosef rom an adjusted 3.8p to 5.9p, before an extraordinary credit of £102,000 (nil) being the net surplus from property sales.

* * *

In its initial interim figures since joining the *Unlisted* Securities Market, **Platon International** reports profits up from *£160,100 to £181,400 for the six* months to September 30, 1984. As envisaged in the prospectus, the *interim* dividend is 0.93p net.

Turnover of this manufacturer of flow and pressure measuring and controlling instruments fell slightly from £1.51m to £1.45m. *Tax for the period* was higher at £55,800, compared with £47,000. Stated earnings per 25p share were 4.1p, against 3.61p.

* * *

Greatly reduced pre-tax losses —*down from £165,000 to £10,000* —are reported by **Helical Bar**, fabricator of steel reinforcement and steel stockholder, for the six months to July 28 1984. Turnover increased from £3.48m to £3.57m and the operating loss was cut from £164,000 to £112,000.

* * *

**James Latham**, timber merchant, has pushed first-half taxable profits up from £907,000 to £1.04m and raised the interim dividend by 0.75p to 5p net per share.

* * *

Virtually unchanged pre-tax profits of £34,000, against £33,000, have been returned by the **Thorpac Group**, engaged in deep freeze packaging, for the six months to September 30 1984.

Turnover rose from £1.26m o £1.79m but distribution and administrative costs were higher at £117,000 (£101,000) and £369,000 (£284,000) respectively. Interest charges amounted to £50,000 (£19,000).

Shareholders of this USM stock will receive an unchanged interim dividend of 1p net. Earnings per share are stated as 1p (1.4p), after tax this time of £10,000.

* * *

**Burns-Anderson** raised full year taxable profits from *£561,480 to £668,420 despite a fall* in turnover of just over £2m to £28.03m. The company is engaged in steel reinforcement supplies, motor, distributing, shops, offices and bank fitting, and financial services.

The final dividend for the year to end-September 1984 is up from 1.5p to 1.72p, raising the total payout to 2.42p (2.2p). Earnnigs per share rose by 0.6p to 4.4p.

* * *

Trading was below expectations at **British Building and Engineering Appliances** in t he six months to end-September 1984 and resulted in lower taxable profits of £144,000 against £164,000.

The result was attained on turnover down at £1.76m (£2.02m) and was subject to tax of £79,000 (£89,000). Earnings per share fell from 7.4p to 6.5p. The interim dividend is being raised to 1.35p (1.25p).

* * *

For the half-year to September 30 1984, **Braithwaite & Co Engineers** incurred a pre-tax loss of £218,000, compared with a profit *of £307,000*.

The interim dividend is maintained at 4p and, barring unforeseen circumstances, the directors intend to recommend holding the final dividend at 5.1p net.

Turnoever increased from £3.5m to £3.93m. There was no tax £92,000).

* * *

*NET EARNINGS* per income share at **Archimedes Investment Trust** rose from 8.47p to 8.86p for the year ended October 31 1984, and the dividend is raised from 8.61p to 9p net with a *second interim* of 5p.

Gross revenue came to £183,057, against £172,790. Tax takes £46,685 (£43,965).

At October 31 the asset value per capital share was 231.67p, compared *with 219.75p* six months earlier and with 176.54p at end October 1983.

* * *

For the first six months of 1984 USM-listed **Cluff Oil** incurred a *pre-tax loss of £348,000*, compared with a loss of £724,000, after interest payments of £402,000 against £396,000.

On turnover ahead at £904,000 (£630,000), the company made a gross profit of £241,000 (£399,000). Related companies suffered a £5,000 loss (£50,000 profit).

The comparative figures are restated.

* * *

*Higher first half taxable profits* of £265,000, against £204,000, were achieved by **Wight Collins Rutherford Scott (Holdings)**, advertising agency. Turnover amounted to £12.6m (£9.61m).

Shareholders of this USM stock will receive an interim dividend of 0.75p (0.62p adjusted) in respect of the six-month period to end-October 1984.

* * *

Pre-tax profits fell from £2.71m to £2.6m at **Haslemere Estates** for the six months to end-September 1984. Turnover of the group, which deals in investment property and property trading, was lower at £12.56m against £13.74m.

The interim dividend is increased from 2.09p to 2.3p net. After lower tax of £911,000 (£1.08m), net earnings per 10p share were shown higher at 5.74p (5.55p).

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: John Booth (Bolton), Continuous Stationery, William Cook (Sheffield), Dwek, Health Care Services, Initial, Intasun Leisure, Nesco Investments, Oceonics, Phoenix Timber, Porter Chadburn, Alexander Russell, Tox Abrasives, J. W. Wassall.

Finals: Davenport's Brewery, Hardys and Hansons, United Spring and Steel, John Williams of Cardiff.

FUTURE DATES

| | |
|---|---|
| **Interims—** | |
| Belhaven Brewery | Dec 17 |
| Mansfield Brewery | Dec 19 |
| Plysu | Dec 19 |
| Rotaprint | Dec 20 |
| Russell Bros. (Paddington) | Dec 18 |
| Tops Estates | Dec 18 |
| Wellman | Dec 20 |
| **Finals—** | |
| Brunner Investment Trust | Dec 21 |
| Charter Trust and Agency | Dec 20 |
| Redfearn National Glass | Dec 17 |

# BIDS AND DEALS

**Michael Cassell** on Greycoat's £66m buy

## The unorthodox route to glittering prizes

**Greycoat City Offices is to acquire Churchbury Estates and Law Land** in a move which will push the ambitious developer into the first division of UK property groups.

After nearly a year of "on-off" talks, takeover terms which will create an investment and development group with a market capitalisation approaching £120m have been agreed.

The share-or-cash offer values shares in Churchbury—run by former property journalist Oliver Marriott—at about 10 per cent over Wednesday's suspension price and puts at £29m price tag on the company. Churchbury owns 89.3 per cent of Law Land and the offer values the outstanding equity at £7m.

Sir Henry Warner and his associates, who own just over half the Law Land shares not held by Churchbury, have agreed to accept the offer.

The new company will have a property portfolio centred on London with a market value of over £130m. The current development programme, totally accounted for by Greycoat, is running at £100m. Net assets, depending on the response of shareholders to the share or cash alternative, will be between £100m and £116m.

The takeover comes at a time when both Greycoat and Churchbury had reached the final stages of digesting previously acquired companies and were being forced to consider the next phase in their development.

Greycoat, which has a good reputation as an imaginative developer of major office projects, has become increasingly aware of the need for a broader asset base, enabling it to restrict the need for outside equity finance and leaving it with a greater share of development profits.

Churchbury is best known for its investment skills but the business of sorting out Law Land is over and it faced few immediate, fresh challenges. There were also limited resources with which to tackle any significant development programme. In the words of one analyst: "The Churchbury team were getting bored rather quickly."

Mr Marriott and his board colleagues will not be joining Greycoat and Churchbury's four executive directors will receive £291,000 as compensation for loss of office.

Mr Geoffrey Wilson, executive deputy chairman of Greycoat, described the takeover as "a thoroughly good property transaction" which had the full support of the various institutional shareholders in both principal companies.

"Churchbury have been a very good investment company and we are very good at development. As developers, we didn't want to pay a £1 for a £1 and were looking for things to work on in order to create higher values, just as we did with City Offices."

Law Land's two principal freehold properties are Brettenham House, a 130,000 sq ft office building in the Strand, and the Buckingham Estate, comprising 15 office and retail properties close to Charing Cross Station. Both investments offer substantial redevelopment potential over the next few years and together they are likely to entail expenditure of around £35m.

Mr Wilson said the primary reason for the acquisition was the need for "a bigger balance-sheet and a wider capital base." He added: "You can follow the orthodox, institutional route in which there is little risk but only a limited share of the profits. That approach is acceptable early on but the 'glittering prizes' for shareholders do not lie along that route."

Mr Wilson said that Greycoat had lost the opportunity to develop at least one major City scheme—the Ropemaker Street project now being carried out by London and Edinburgh Trust—because its resources would have been overstretched. "Our greater financial strength means we can quite properly accept rather more risk and achieve bigger rewards, although that will not be our only approach."

Mr Marriott said he considered shareholders ended up in a company which the board approved of and he believed the takeover "resolved the frustrations being keenly felt in both camps." Churchbury's relatively high-yielding portfolio would provide a strong income and asset base of a group facing heavy financing costs of major schemes.

The City's opinion on which participant gets the better end of the deal was made qickly clear, with Greycoat shares falling 18p to 192p and Churchbury rising 10p to 755p. The acquisition, which could see a rise in the number of issued ordinary shares from 52m to over 53m (though there will be no dilution in net assets per share) is seen as a move which is likely to slow down Greycoat's profits and asset growth, at least in the medium term.

Greycoat's share rating suffered, albeit in a weak market, after the City Offices acquisition and a repeat performance is now possible, with the group's low discount moving back up towards the sector average. Greycoat itself believes it has laid the ground for the next phase of its expansion while Mr Marriott and his colleagues are apparently going away "to think of something else."

● Greycoat yesterday announced pre-tax profits for the six months to September of £1.69m against £686,000. The total included a net contribution of £570,000 from property sales. Gross rental income rose from £1.4m to £1.6m and there is an interim dividend of 0.75p (0.6p).

**The terms of the offer are as follows—**

**For every four existing Churchbury ordinary shares, 12 new ordinary shares in Greycoat plus 775p nominal of unsecured loan stock 1990/92 of Greycoat. As an alternative to the share offer, Churchbury shareholders may elect to receive cash at 187p per Greycoat ordinary share.**

**For every three Law Land ordinary shares, either two new ordinary shares in Greycoat plus 30p in cash, or 450p in cash, or 450p nominal of unsecured loan stock 1990/92 of Greycoat, or two new ordinary shares in Greycoat plus 30p nominal of unsecured loan stock 1990/92 of Greycoat.**

## Acrimony follows Maxwell's bid failure

BY CHARLES BATCHELOR

Mr Robert Maxwell's hard-fought £44.2m takeover bid for John Waddington, the games and packaging group, lapsed yesterday amid recriminations from both sides about the opposition's tactics.

British Printing and Communication Corporation (BPCC), Mr Maxwell's printing group, gained acceptances from the holders of just 7.06 per cent of the ordinary shares in addition to the 23.34 per cent it already held. The lapsing of the offer means the acceptances will be returned.

Mr Maxwell conceded on Wednesday, a day before the formal close of his bid, that he could not succeed given the strength of support for the Waddington board from institutions and private investors.

Waddington and its merchant bank advisor, Kleinwort, Benson, remained sceptical, however, that BPCC was really withdrawing from the fray and feared he was attempting to weaken their institutional support.

Henry Ansbacher, the merchant bank advising Mr Maxwell, said it had asked the Takeover Panel to look closely at the institutions which took up a 14.6 per cent holding in Waddington on Wednesday to make sure there had been no "concert party" to foil the bid.

The sale of this 14.6 per cent to institutions friendly to Waddington brought its declared support to 60 per cent and prompted Mr Maxwell's concession of defeat.

Ansbacher said it believed the placing of these shares had not gone as smoothly as claimed and that nearly half of them had been taken up by Kleinwort. Kleinwort said the shares had gone to an associate of Waddington but declined to be more specific.

Ansbacher charged that the placing, at 507½p, 7½p above the BPCC's 500p bid level, was "a pretty expensive tactic" since the share price fell 40p to 465p yesterday.

Kleinwort countered that BPCC had begun selling some of its 23 per cent holding in the market after the bid lapsed yesterday in a deliberate attempt to depress the price. Ansbacher acknowledged small parcels had been sold.

Despite the arguments the two sides are expected to meet shortly to discuss how best to dispose of Mr Maxwell's residual holding, which he acquired last year during the course of his first unsuccessful bid attempt for Waddington.

## Charter reaps £70m from disposal of 7.9% Minorco stake

BY RAY MAUGHAN

**Charter Consolidated** is raising over £70m through the sale of its 7.9 per cent holding in Minorco, the international investment group controlled by de Beers and Anglo American Corporation which, in turn, has a 36 per cent holding in Charter. It is understood that Anglo may have taken 3m of the 13.48m Minorco shares on offer.

The disposal comes almost immediately after Charter disclosed that it has written-off £65m against losses from its 67 per cent owned subsidiary Cape Industries and its 35.9 per cent controlled associate, Johnson Matthey.

The overall effect on Charter, the industrial and mining investment group, was to reduce net assets by some £105m to £360m in the six months to September 30.

Charter's shares, which hit a four year low of 168p last week recovered a further 3p yesterday to close at 190p. The Minorco price lost 40p to 560p.

Minorco's principal asset is a 22 per cent holding in Phibro-Salomon. Capitalised at $3.83bn (£3.18bn), Phibro-Salomon includes Philipp Brothers, the commodity dealer, and Salomon Brothers, the Wall Street investment bank.

Other major holdings include the 29 per cent stake in Consolidated Gold Fields, in which Minorco holds 29 per cent, which was capitalised at £1.38bn at the end of June.

Minorco also holds a 29 per cent interest in Engelhard Corporation, the speciality chemicals and metals business and a 46 per cent voting share of Inspiration Resources Corporation. Minorco is injecting a further $100m, after putting in $115.5m in 1983, to reduce debts and to provide funds for fresh acquisitions in the oil and gas and precious metals sectors.

Minorco has long been seen as a low yielding asset in Charter's portfolio (the return has not been much more than 1 per cent). But there was no indication from yesterday's sale that Anglo and de Beers will reduce their interests in Charter by selling Minorco's own 36 per cent holding in Charter.

The disposal is understood to have been handled by Rowe and Pitman, Charter's stockbroker and 29.9 per cent owned associate.

## Heywood in agreed bid of £7.3m for City Glass

BY CHARLES BATCHELOR

**Heywood Williams Group**, one of the top three UK glass merchants, is making an agreed bid worth £7.31m for City Glass Works (Liverpool), a privately-owned manufacturer of toughened and laminated glass.

This deal, which will allow Heywood to make in-house products it previously had to buy in, represents the groups first expansionary move following three years of retrenchment and consolidation.

City Glass made a pre-tax profit on its ordinary activities of £1.25m on turnover of just over £4m in the year ended August 31 1984. Profits have been static for the past two years.

It had net assets of £3.9m at that year end comprising cash of £2.46m, investments with a book value of £432,000 (and a market value of £655,00) and assets leased to third parties with a net book value of £983,000.

The purchase payment is made up of £2.47m cash, 2m Heywood shares and £2.4m in unsecured loan notes. The vendors of City Glass have agreed not to sell any of the Heywood shares before December 1985.

This leaves Heywood in a strong position to consider its next acquisitions, the first of which should be completed in the first half of next year.

Heywood simultaneously revealed that it has suffered from the imposition of a 15 per cent VAT charge on home improvements last June. The directors nevertheless said yesterday they expect to recommend a final dividend of 3.3p net making 6p for the year against 5.5p.

Heywood's shares fell 3p yesterday to 118p.

## Boase stepping further afield

BY MARTIN DICKSON

**Boase Massimi Pollitt**, one of Britain's leading advertising agencies, is branching out into the marketing field with an agreed takeover of the unquoted Marketing Solutions in an all-paper deal worth £10m. Up to £4.5m more may be payable in 1987, depending on Marketing's profit performance.

The acquisition is Boase's first major step outside its mainstream advertising business. The company said yesterday it was the first stage in a long-term programme to embrace quality companies in the marketing services sector.

Marketing Solutions, formed in 1972, provides a broad range of marketing services to clients who include the Department of Trade and Industry, Allied-Lyons, British Petroleum, Ladbroke and British Telecom. Turnover in the year to December 31 1983 was £4.77m and pre-tax profits totalled £992,000. It is forecasting pre-tax profits this year of not less than £950,000.

Boase, its shares rose 5p yesterday to close at 665p, is paying for the acquisition in three tranches: the first is a £6.6m issue of 1,080,989 new ordinary 20p shares to the vendors. Half of these were placed in the market yesterday by Rowe & Pitman at a price of 610p, netting Marketing Solutions' shareholders £3.3m in cash. The remainder must be held until at least the end of next year.

The second tranche, of up to £3.4m, will be paid in May 1986 with an allotment to the vendors of a further 551,724 Boase shares.

These two tranches will represent a 31.7 per cent increase in the advertising agency's current issued ordinary shares. A third tranche, of up to £4.5m in shares or short-term loan notes, may be paid in May 1987, depending on Market Solutions' profits performance in 1984, 1985, and 1986.

Most of Marketing's shares are held by its directors, with Mr Jonathan Crisp, the chairman having a 64.8 per cent stake.

Boase, which came to the market in May 1983, yesterday forecast that its pre-tax profits in the year to December 31 would be £2.25m, against £1.65m in 1983. The directors would be recommending a final dividend of 4.5p per share (3.5p), making a total of 7p for the year—27.3 per cent up on 1983.

## BIDS IN BRIEF

**Hartiens** has acquired 1.02m ordinary shares in Elson and Robias (10.3 per cent) and now owns and has received acceptances in respect of a total of 5.45m ordinary shares (55.1 per cent).

★ ★ ★

**Hampton Trust** has placed 3,729,556 shares with institutions in connection with the £1.15m purchase of a shopping centre at New Ash Green, Kent. The placement was handled by Barclays Merchant Bank in conjunction with Hampton's brokers, Foster and Braithwaite.

★ ★ ★

**Thistle Hotels**, a subsidiary of Scottish and Newcastle Breweries, today announced an agreement for the sale of the 30-bedroomed Stuart Hotel, East Kilbride for a consideration of £550,000, to the Beard Brothers, a family business which operates the Busby Hotel in Busby and Archies in Glasgow. Completion of the sale is due on January 18 1985.

★ ★ ★

**Scapa Group** has agreed to buy 77.5 per cent of a French concern, ETS Bricq et Cie, for FFr 17.04m (£1.5m). Scapa has also agreed in principle to acquire from its partner the 50 per cent it does not own in Semperit-Kern in Austria for £1m. Consideration for both acquisitions will be satisfied by the issue of 630,932 Scapa Group shares, all of which have been placed with institutional investors at 398p each.

Bricq makes engineered products for the paper and board industries. Assets, net of borrowings, amount to £2.9m and pre-tax profits in 1983 were £270,000. Semperit-Kern has a roll covering plant and has been in production for less than a year. It is expected to be trading profitably soon.

★ ★ ★

**Porter Chadburn** has reached agreement whereby Chadburn Engineering, a subsidiary, will acquire Swift International and Swift Diving Supplies (Scotland). Completion is expected on December 12.

Consideration for the acquisition will be £725,000 plus an additional sum payable up to a maximum of £150,000.

## Euston Centre

Pre-tax profits of **Euston Centre Properties** amounted to £3.11m against £3.14m for the six months to the end of September 1984. Negotiations are continuing on the Euston Tower and the directors say results will show a substantial increase in rent receivable. "A" shares are all held by Stock Conversion and "B" shares by British Land.

## Butterfield-Harvey

**Butterfield-Harvey**, the engineering holding concern, has reduced taxable losses by £613,000 to £126,000 in the half year to September 30 1984.

Sales were £22.24m (£22.61m). Losses are quoted at 0.8p per share, down from 5.2p.

# THE PROPERTY QUIZ BY MICHAEL CASSELL

## Testing time for optimists

AN ESTATE AGENT might describe the 1984 commercial property market as "a potentially exciting investment opportunity in need of some improvement" and there can be no doubt that the past year has tested the industry's propensity for finely-turned phrases.

Put at its simplest, the elaborate exercise in optimism has not been able to disguise the fact that the UK market remains biased in favour of the tenant.

The situation—with only a few exceptional locations—is unlikely to change dramatically over the next 12 months.

An improvement there has certainly been over the past 12 months but the market has polarised in a way which should give rise to serious concern.

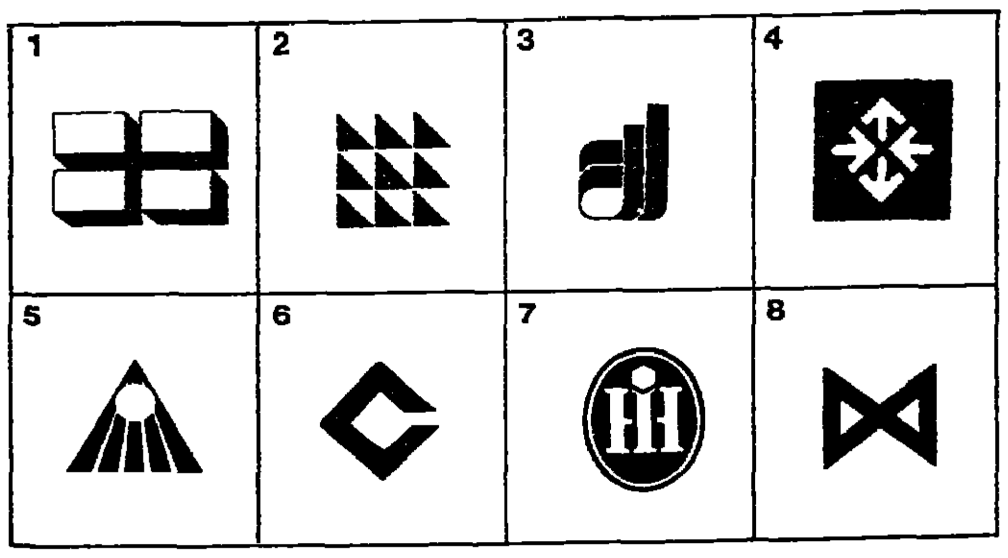
The widening performance between new and older property and the deeply differing experiences of local markets around the country pose major problems for property companies and investors alike.

The next 12 months are likely to record a continuing return to health but any claims of a full recovery will have a hollow ring about them as long as large chunks of the UK continue to suffer at the hands of indifferent demand and stultifying space oversupplies.

Before the future unfolds, a quick look back over the shoulder and a few questions to entertain and revive some of the year's highlights.

The winners will receive a jeroboam of champagne by way of celebration and entries should be sent to 'The Property Market.' Financial Times, Bracken House, Cannon Street, London EC4P 4BY. Last entry date January 2.

(a) Who followed his boss to Berkeley Street?




(b) The logos of which organisations?

(c) Busy in the Garden. Who is he?

1—Who met their match at Waterloo?

2—Who got an unpleasant surprise at the Circus?

3—Who walked out on Warburgs?

4—Which company agreed to pay $400m a year rent for a pitch in the Park?

5—Which surveyor was called in to the Palace?

6—Who insisted on £10m but finally settled for £6m and a bit later?

7—Which of the two Rennies was asked to leave the stage?

8—What was Cyril Stein doing in the Public Schools Club?

9—Which partner retired and took a seat on the boundary?

10—Who is planning a £10m agricultural investment in Islington?

11—What moved from Berkeley Square House to Bancroft House?

12—Who put 10 City of London properties on the market at the same time?

13—Which High Street name announced plans to close up to 70 of its London branches?

14—Only Barry Flanagan has taken space so far in this new London office building. Which is it?

15—British Telecom came to the City. Who left the City to go to British Telecom?

16—Who said: "It looks as if we may be presented with a kind of vast municipal fire station, complete with the sort of tower that contains the siren"?

17—Who is leaving Cavendish Square for California?

18—Why does 603 Wilbraham Road, Chorlton-cum-Hardy, now rank on John Ritblat's list of interests?

19—Who found a knighthood down the East India Dock Road?

20—Why is the Marine Building going to be guinnless?

21—Who followed Bairstow Eves?

22—He conducted his High Court case with "competence and courtesy" but lost. Who is he?

23—Mercury, Jupiter and Neptune are aligned in the City. Where?

24—Who left his £50,000 a year job by "mutual agreement"?

25—Which pact was broken in 1984?

26—Who said: "When the word architect is mentioned, I think first of Hitler, second of Poulson and third of Flaubert's definition—an idiot, someone who forgets to put in the staircase"?

27—Which City building attracted a heritage award long before any tenants?

28—Who put Old Mutual's money into Zimbabwe external bonds?

29—Which company started the year at Square One?

30—Who is going halves with the Japanese next door to the Four Seasons?

31—Which company raised £71m from the Swiss?

32—Who picked up a lot at Christies?

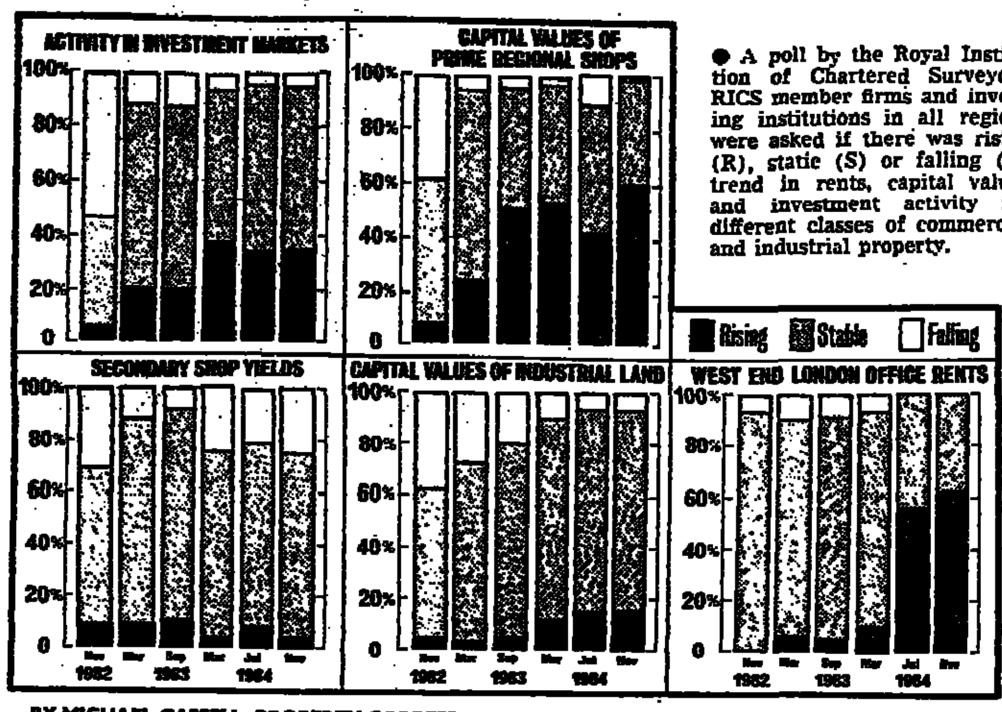
33—Which former president will spend much of 1985 behind Bars?

34—Which London property, on the market for £10m, has its own artesian well?

35—Which London property, designed by a 19-year-old, is on the market for over £3m?

## UK NEWS-THE FT RICS PROPERTY INDICATORS

# Development industry warns of 'disastrous' impact of VAT




● A poll by the Royal Institution of Chartered Surveyors, RICS member firms and investing institutions in all regions were asked if there was rising (R), static (S) or falling (F) trend in rents, capital values and investment activity for different classes of commercial and industrial property.

| AREAS | | LON. CITY | WEST END | REST GLC | SE (EX-LON.) | N | NW | EAST ANGLIA | YORKS & HUMBER | EAST MIDS. | WEST MIDS. | SW | SCOT. | WALES | N. IRE. | NAT-IONAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **QUESTION 1** Compared with three months ago: What is the trend in rents? | | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
| (a) Offices | R | 65 | 62 | 27 | 41 | 9 | 0 | 33 | 13 | 25 | 18 | 21 | 73 | 0 | 17 | 29 |
| | S | 35 | 38 | 64 | 59 | 82 | 100 | 67 | 87 | 75 | 82 | 79 | 27 | 89 | 83 | 69 |
| | F | 0 | 0 | 9 | 0 | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11 | 0 | 2 |
| (b) Prime Regional Shops | R | 67 | 75 | 36 | 52 | 73 | 80 | 78 | 53 | 58 | 55 | 63 | 86 | 44 | 100 | 66 |
| | S | 33 | 25 | 64 | 48 | 27 | 20 | 22 | 47 | 42 | 45 | 37 | 14 | 56 | 0 | 34 |
| | F | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) Secondary Shops | R | 44 | 58 | 50 | 54 | 45 | 40 | 56 | 40 | 42 | 55 | 58 | 64 | 86 | 33 | 52 |
| | S | 56 | 33 | 50 | 46 | 55 | 60 | 44 | 60 | 58 | 45 | 42 | 36 | 14 | 67 | 47 |
| | F | 0 | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| (d) Modern Factories | R | 40 | 0 | 27 | 22 | 0 | 0 | 11 | 6 | 8 | 18 | 11 | 7 | 0 | 0 | 11 |
| | S | 60 | 100 | 73 | 78 | 91 | 100 | 89 | 88 | 84 | 73 | 89 | 93 | 100 | 60 | 84 |
| | F | 0 | 0 | 0 | 0 | 9 | 0 | 0 | 6 | 8 | 9 | 0 | 0 | 0 | 40 | 5 |
| (e) Modern Warehouses | R | 50 | 0 | 27 | 26 | 0 | 10 | 11 | 6 | 8 | 18 | 16 | 13 | 0 | 17 | 15 |
| | S | 50 | 100 | 73 | 74 | 91 | 90 | 89 | 88 | 84 | 73 | 84 | 87 | 100 | 83 | 83 |
| | F | 0 | 0 | 0 | 0 | 9 | 0 | 0 | 6 | 8 | 9 | 0 | 0 | 0 | 0 | 2 |
| **QUESTION 2** What is the trend of invest yields? | | | | | | | | | | | | | | | | |
| (a) Offices | R | 0 | 7 | 0 | 8 | 11 | 12 | 0 | 15 | 9 | 11 | 7 | 0 | 17 | 0 | 7 |
| | S | 87 | 86 | 82 | 88 | 89 | 88 | 100 | 77 | 73 | 67 | 86 | 100 | 83 | 80 | 85 |
| | F | 13 | 7 | 18 | 4 | 0 | 0 | 0 | 8 | 18 | 22 | 7 | 0 | 0 | 20 | 8 |
| (b) Prime Regional Shops | R | 0 | 8 | 0 | 12 | 0 | 0 | 25 | 0 | 0 | 10 | 13 | 0 | 0 | 17 | 6 |
| | S | 75 | 75 | 100 | 80 | 90 | 100 | 50 | 86 | 91 | 90 | 87 | 73 | 83 | 50 | 81 |
| | F | 25 | 17 | 0 | 8 | 10 | 0 | 25 | 14 | 9 | 0 | 0 | 27 | 17 | 33 | 13 |
| (c) Secondary Shops | R | 0 | 18 | 0 | 12 | 0 | 0 | 0 | 7 | 0 | 0 | 6 | 0 | 0 | 0 | 3 |
| | S | 75 | 46 | 90 | 64 | 90 | 75 | 50 | 64 | 73 | 80 | 69 | 82 | 83 | 67 | 72 |
| | F | 25 | 36 | 10 | 24 | 10 | 25 | 50 | 29 | 27 | 20 | 27 | 18 | 17 | 33 | 25 |
| (d) Modern Factories | R | 0 | 17 | 11 | 21 | 10 | 12 | 14 | 21 | 18 | 22 | 13 | 31 | 33 | 0 | 16 |
| | S | 50 | 83 | 67 | 75 | 90 | 88 | 86 | 71 | 64 | 67 | 74 | 61 | 67 | 60 | 72 |
| | F | 50 | 0 | 22 | 4 | 0 | 0 | 0 | 8 | 18 | 11 | 13 | 8 | 0 | 40 | 12 |
| (e) Modern Warehouses | R | 0 | 17 | 11 | 21 | 10 | 12 | 14 | 21 | 18 | 22 | 13 | 21 | 33 | 17 | 16 |
| | S | 50 | 83 | 67 | 75 | 90 | 88 | 86 | 71 | 64 | 67 | 74 | 71 | 67 | 50 | 72 |
| | F | 50 | 0 | 22 | 4 | 0 | 0 | 0 | 8 | 18 | 11 | 13 | 8 | 0 | 33 | 12 |
| **QUESTION 3** What is the trend of capital values? | | | | | | | | | | | | | | | | |
| (a) Offices | R | 60 | 80 | 18 | 27 | 10 | 0 | 28 | 14 | 19 | 0 | 17 | 46 | 17 | 20 | 25 |
| | S | 33 | 20 | 73 | 73 | 70 | 75 | 57 | 71 | 55 | 80 | 78 | 54 | 50 | 80 | 62 |
| | F | 7 | 0 | 9 | 0 | 20 | 25 | 15 | 15 | 27 | 20 | 5 | 0 | 33 | 0 | 13 |
| (b) Prime Regional Shops | R | 50 | 64 | 44 | 54 | 70 | 88 | 75 | 50 | 45 | 60 | 44 | 75 | 50 | 67 | 60 |
| | S | 37 | 36 | 56 | 46 | 30 | 12 | 25 | 50 | 55 | 40 | 56 | 25 | 50 | 33 | 39 |
| | F | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| (c) Secondary Shops | R | 25 | 80 | 40 | 60 | 40 | 33 | 62 | 43 | 45 | 40 | 50 | 58 | 83 | 17 | 50 |
| | S | 62 | 20 | 60 | 40 | 60 | 67 | 25 | 50 | 55 | 40 | 50 | 42 | 17 | 67 | 47 |
| | F | 13 | 0 | 0 | 0 | 0 | 0 | 13 | 7 | 0 | 0 | 0 | 0 | 0 | 16 | 3 |
| (d) Modern Factories | R | 33 | 0 | 33 | 20 | 0 | 0 | 12 | 13 | 0 | 10 | 0 | 8 | 0 | 0 | 9 |
| | S | 34 | 80 | 56 | 76 | 90 | 88 | 75 | 67 | 64 | 70 | 83 | 54 | 67 | 60 | 69 |
| | F | 33 | 20 | 11 | 4 | 10 | 12 | 13 | 20 | 36 | 20 | 17 | 38 | 33 | 40 | 22 |
| (e) Modern Warehouses | R | 33 | 0 | 33 | 20 | 9 | 0 | 0 | 13 | 0 | 10 | 6 | 7 | 0 | 0 | 9 |
| | S | 34 | 100 | 56 | 76 | 82 | 88 | 87 | 67 | 64 | 70 | 72 | 64 | 67 | 50 | 70 |
| | F | 33 | 0 | 11 | 4 | 9 | 12 | 13 | 20 | 36 | 20 | 22 | 29 | 33 | 50 | 21 |
| (f) Industrial Land | R | 33 | 25 | 40 | 48 | 0 | 0 | 13 | 13 | 0 | 0 | 6 | 0 | 0 | 17 | 15 |
| | S | 34 | 75 | 40 | 48 | 91 | 100 | 87 | 80 | 82 | 100 | 94 | 85 | 100 | 83 | 78 |
| | F | 33 | 0 | 20 | 4 | 9 | 0 | 0 | 7 | 18 | 0 | 0 | 15 | 0 | 0 | 7 |
| **QUESTION 4** | | | | | | | | | | | | | | | | |
| Activity in Investment Markets | R | 33 | 54 | 37 | 32 | 40 | 37 | 50 | 36 | 40 | 11 | 25 | 15 | 33 | 50 | 35 |
| | S | 60 | 46 | 63 | 64 | 40 | 50 | 50 | 64 | 60 | 89 | 75 | 85 | 67 | 33 | 60 |
| | F | 7 | 0 | 0 | 4 | 20 | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17 | 5 |

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

MOUNTING CONCERN over the impact which the introduction of Value Added Tax would have on the construction and property development industries is clearly underlined in the latest Business Indicator Poll conducted jointly by the Royal Institution of Chartered Surveyors and the Financial Times.

The 26th poll asked respondents throughout the country about the likely effects on the development and building sectors of the imposition of VAT, so wheing demanded by the EEC Commission but being firmly resisted by the British government.

Comments ranged from "disastrous" to "dramatic," with many of those polled suggesting that VAT could sound the death-knell for development activity in some regions and could kill off many marginal projects. Some went so far as to suggest that many already hard-pressed building companies will be forced to lay off workers or face bankruptcy.

A commonly expressed view was that any introduction of VAT on new work would reduce profit margins and land values, unless rental values rose enough to absorb the extra development costs. As one practice said: "In the long term, adding VAT to the cost of redevelopment as a whole will eventually be compensated by a reduction in land price or, if the market is strong enough, by additional income and capital value on completion."

Some respondents foresaw an immediate downturn in capital values, although prime markets like the City of London would be cushioned by continuing high levels of tenant and investment demand.

Another forecast that the arrival of VAT would probably bring many schemes to an immediate halt, although the hold-up could prove to be only temporary. Marginal schemes, particularly those in inner-city areas, would simply not happen.

Several surveyors expressed fears that VAT on new work would quickly frustrate the slow improvement being recorded in building activity and emphasised that any substantial cost increase in a fairly sensitive rental market would dampen down development activity.

In the words of one participant: "Ultimately the landowner is the one who will suffer as developers will not be prepared to take on new propositions without the same sort of development profit they are used to."

Some of the most pessimistic comments came from the regions, where the volume of new development activity is already running at historically low levels. Some observers believe the added burden of VAT would destroy any prospects of an early revival in local development markets.

According to one West Midlands agent: "With the level of rents appertaining in this part of the country at the present time, it is almost impossible for any newly-built industrial development to be viable. We believe that the introduction of VAT on new building work would rule out any development for owner-occupiers because of the initial cost and would be likely to make even enterprise zone development non-viable. We believe VAT would have a catastrophic effect on the construction industry and what is left of the development industry here."

From the north-west came a prediction that VAT would have a disastrous impact on new development activity in cities like Manchester, where development markets were already very tight.

Few people replying to the poll supported the view contained in a recent report from Savory Milln, the stockbrokers, which suggested that the prospect of VAT would actually encourage developers to bring forward building plans, creating a significant surge in new activity.

Savory Milln said that, without the EEC's intervention, Chancellor Nigel Lawson would almost certainly have imposed VAT on non-residential new construction in his 1985 budget. Now, however, he is committed to resisting the EEC action and the legal proceedings are likely to take at least two years, making 1987 the first practical date for VAT to be introduced.

According to the brokers "The belief that VAT is coming in 1987 will persuade some funds and developers to bring forward building plans." The two-year interval will also give them time to work out ways of minimising the impact of the new tax, which according to Savory Milln, are "almost limitless."

The poll also asked about the effects so far of the introduction of VAT on alteration and improvement work. Many respondents suggested that it was still too early to measure the full impact but emphasised that the arrival of unbudgeted costs turned many profitable schemes into substantial loss-makers.

Some replies claimed that the volume of refurbishment activity had been significantly reduced but others pointed out that if VAT was eventually applied to new construction work it would help restore the balance between the two types of development work. Most respondents were assuming, however, that VAT on new construction would be levied at 15 per cent.

According to one West End practice: "The immediate effect has been a temporary hiatus in the market and one or two bargains that had been struck, subject to contract, fell by the wayside. In other cases, renegotiation of the purchase price or ground lease terms has taken place and the vendor or landlord has had to share the burden of the tax by reducing the sale price or the ground rental terms."


BP Oil
BP

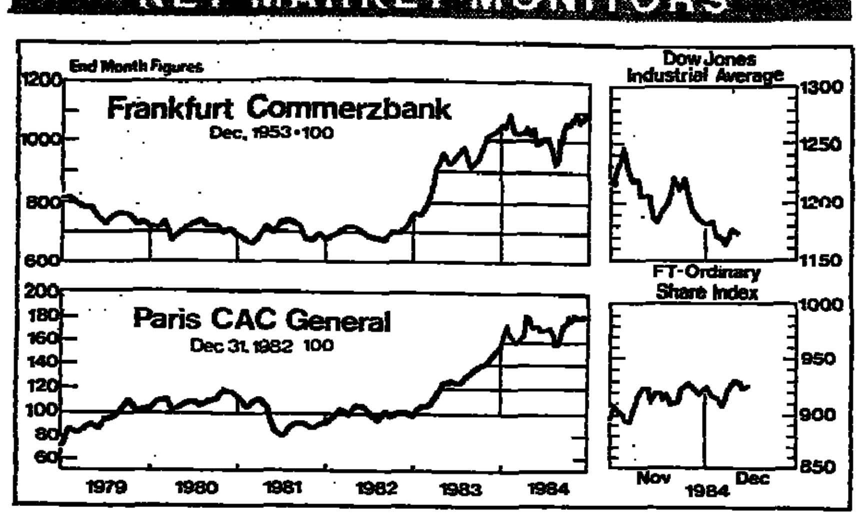
SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday December 14 1984

Credit for Exports in $150 FRN issue, Page 38

## KEY MARKET MONITORS




### STOCK MARKET INDICES

| | | | |
|---|---|---|---|
| **NEW YORK** | Dec 13 | Previous | Year ago |
| DJ Industrials | 1,174.91* | 1,175.13 | 1,255.89 |
| DJ Transport | 530.12* | 530.78 | 604.45 |
| DJ Utilities | 144.65* | 144.80 | 134.15 |
| S&P Composite | 162.68* | 162.62 | 164.93 |
| **LONDON** | | | |
| FT Ord | 927.6 | 922.3 | 752.8 |
| FT-SE 100 | 1,196.7 | 1,190.7 | 990.7 |
| FT-A All-share | 574.18 | 572.59 | 463.65 |
| FT-A 500 | 628.78 | 627.48 | 494.85 |
| FT Gold mines | 517.5 | 531.6 | 570.5 |
| FT-A Long gilt | 10.25 | 10.19 | 10.32 |
| **TOKYO** | | | |
| Nikkei-Dow | 11,340.05 | 11,382.34 | 9,385.56 |
| Tokyo SE | 879.63 | 879.03 | 695.30 |
| **AUSTRALIA** | | | |
| All Ord. | 716.4 | 721.3 | 751.2 |
| Metals & Mins. | 408.0 | 413.7 | 547.6 |
| **AUSTRIA** | | | |
| Credit Aktien | 58.84 | 58.84 | 54.23 |
| **BELGIUM** | | | |
| Belgian SE | 158.22 | 158.31 | 132.81 |
| **CANADA** | | | |
| Toronto | | | |
| Metals & Mins | 1,863.6* | 1,863.9 | 2,470.0 |
| Composite | 2,346.2* | 2,341.7 | 2,538.6 |
| Montreal | | | |
| Portfolio | 117.16* | 116.49 | 125.34 |
| **DENMARK** | | | |
| Copenhagen SE | 166.95 | 166.47 | 198.46 |
| **FRANCE** | | | |
| CAC Gen | 180.9 | 180.9 | 151.9 |
| Ind. Tendance | 120.2 | 120.0 | 97.2 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 364.39 | 375.10 | 343.77 |
| Commerzbank | 1,084.5 | 1,087.1 | 1,015.7 |
| **HONG KONG** | | | |
| Hang Seng | 1,126.49 | 1,117.23 | 862.81 |
| **ITALY** | | | |
| Banca Comm. | 214.73 | 213.48 | 162.78 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 178.5 | 178.4 | 148.6 |
| ANP-CBS Ind | 142.3 | 141.5 | 122.0 |
| **NORWAY** | | | |
| Oslo SE | 286.05 | 288.15 | 215.42 |
| **SINGAPORE** | | | |
| Straits Times | 805.05 | 811.60 | 987.26 |
| **SOUTH AFRICA** | | | |
| Golds | 989.9 | 991.6 | 850.3 |
| Industrials | 943.6 | 949.1 | 929.8 |
| **SPAIN** | | | |
| Madrid SE | 138.18 | 137.62 | 121.10 |
| **SWEDEN** | | | |
| J & P | 1,358.86 | 1,369.10 | 1,499.09 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 382.9 | 383.9 | 371.5 |
| **WORLD** | Dec 12 | Prev | Year ago |
| Capital Int'l | 183.2 | 183.4 | 181.1 |

### GOLD (per ounce)

| | Dec 13 | Prev |
|---|---|---|
| London | $325.25 | $324.75 |
| Zürich | $324.75 | $324.60 |
| Paris (fixing) | $323.60 | $326.72 |
| Luxembourg | $326.85 | $327.45 |
| New York (Dec) | $324.30 | $325.90 |

* Latest available figure

### CURRENCIES

| (London) | U.S. DOLLAR Dec 13 | Previous | STERLING Dec 13 | Previous |
|---|---|---|---|---|
| $ | – | – | 1.19 | 1.20 |
| DM | 3.104 | 3.086 | 3.695 | 3.70 |
| Yen | 247.5 | 247.25 | 294.5 | 296.5 |
| FFr | 9.515 | 9.4625 | 11.32 | 11.355 |
| SwFr | 2.5601 | 2.553 | 3.0475 | 3.06 |
| Guilder | 3.494 | 3.487 | 4.165 | 4.185 |
| Lira | 1,912.5 | 1,901.0 | 2,289.0 | 2,282.0 |
| BFr | 62.4 | 62.05 | 74.3 | 74.55 |
| C$ | 1.32135 | 1.32025 | 1.572 | 1.5835 |

### INTEREST RATES

| | Dec 13 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 9 15/16 | 9 15/16 |
| SwFr | 5¼ | 5¼ |
| DM | 5⅝ | 5 11/16 |
| FFr | 10 9/16 | 10 9/16 |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 9⅛ | 9¼ |
| 6-month U.S.$ | 9⅝ | 9 11/16 |
| **U.S. Fed Funds** | 8⅝* | 8½ |
| **U.S. 3-month CDs** | 8.80* | 8.90 |
| **U.S. 3-month T-bills** | 8.28* | 8.23 |

### U.S BONDS

| Treasury | Dec 13* Price | Yield | Prev Price | Yield |
|---|---|---|---|---|
| 10⅝ 1986 | 100 | 10.37 | 100 1/32 | 10.30 |
| 12¾ 1991 | 102 27/32 | 11.63 | 103 1/32 | 11.48 |
| 11⅝ 1994 | 99 23/32 | 11.67 | 100 29/32 | 11.51 |
| 11¾ 2014 | 100 23/32 | 11.65 | 101 23/32 | 11.53 |
| **Corporate** | Dec 13* | | Prev | |
| AT & T | Price | Yield | Price | Yield |
| 10⅜ June 1990 | 95⅝ | 11.45 | 95⅝ | 11.45 |
| 3⅞ July 1990 | 73½ | 10.25 | 73⅝ | 10.20 |
| 8⅝ May 2000 | 76⅝ | 12.18 | 76⅞ | 12.10 |
| Xerox | | | | |
| 10⅝ March 1993 | 93⅞ | 11.70 | 93⅝ | 11.90 |
| Diamond Shamrock | | | | |
| 10⅝ May 1993 | 93 | 11.95 | 92¼ | 12.10 |
| Federated Dept Stores | | | | |
| 10⅝ May 2013 | 87⅞ | 12.15 | 89⅜ | 11.90 |
| Abbot Lab | | | | |
| 11.80 Feb 2013 | 96 | 12.30 | 87⅞ | 12.20 |
| Alcoa | | | | |
| 12¼ Dec 2012 | 98 | 12.50 | 99 | 12.40 |

### FINANCIAL FUTURES

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| Mar | 70–23 | 71–07 | 70–19 | 71–08 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| Mar | 91.34 | 91.45 | 91.31 | 91.39 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| Mar | 90.45 | 90.69 | 90.42 | 90.56 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| Mar | 90.13 | 90.29 | 90.10 | 90.20 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| Mar | 107–20 | 108–11 | 107–18 | 108–04 |

### COMMODITIES

| (London) | Dec 13 | Prev |
|---|---|---|
| Silver (spot fixing) | 569.50p | 566.70p |
| Copper (cash) | £1,108.75 | £1,110.50 |
| Coffee (Jan) | £2,236.50 | £2,236.50 |
| Oil (spot Arabian Light) | $27.475 | $27.525 |

WALL STREET

# Sales data warily assessed

THE U.S. credit markets were knocked back on their haunches yesterday by the announcement of substantial sales gains by car makers and retail stores, which appeared to indicate a rebound in the economy and significantly reduces the chances of an easing in Federal Reserve policies, *writes Terry Byland in New York.*

The stock market's response, however, was muted by concern about other factors, such as the Treasury's tax proposals and the prospect of higher interest rates. Motor stocks responded well to a 20 per cent gain in early-December sales to the best total since 1978, but the rest of the market was sluggish and unsettled by persistent weakness in oil stocks.

The Dow Jones industrial average closed 6.29 down at 1,168.84.

The rise of 1.8 per cent in November retail sales was well above expectations, which ranged from a nil gain to one of under 0.5 per cent. The figures caught the bond market off guard, with prices vulnerable after two firm sessions based on optimism on money supply. Analysts began to downgrade earlier predictions of a heavy fall in the latest money supply totals, which were due late in yesterday's session.

Losses of about a full point were quickly suffered at the long end of the bond market, where there was some selling pressure as traders trimmed portfolios. Futures contracts also fell but there was less activity than in the cash market.

The stock market opened lower but began to move up at mid-session. Once again, it was the blue chips which attracted buyers. Across the broader range of the market progress was slow.

Motor stock turnover was only modest but Ford put on $⅝ to $43¼. General Motors $¾ to $75⅛ and Chrysler $⅞ to $30½.

Department store issues made only a cautious response to the November retail totals, which augur well for the Christmas selling period. J. C. Penney at $49⅛ gained $⅝ but Sears shed $⅛ to $31¼. Other retail issues brightened. Safeway Stores gained $⅝ to $28½ and Levitz Furniture put on $¼ to $37.

A feature of the industrial sector was a jump of $¼ to $7⅞ in International Harvester after reporting its first quarterly profit for three years. John Deere put on $¼ to $29 in sympathy, but Caterpillar Tractor, which disclosed fresh workforce layoffs, fell $1 to $28¾.

The mainframe computer makers improved, and a gain of $⅜ to $119½ in IBM was a positive factor for the market. AT&T, however, lost a further $¼ to $18⅛, still heavily traded on concern about the dividend policy outlined this week by the chairman.

With U.S. petroleum and crude oil futures at the year's lows after five consecutive sessions of falling prices, stocks in the oil majors were without friends. Exxon shed $⅜ to $43⅜, Texaco was $⅜ off at $33¼, Atlantic Richfield at $44¼ gave up $⅞.

The firm spot was Phillips Petroleum, $1¼ higher at $53¼ as speculators returned to keep the price closer to the $60 a share offer from Mr T. Boone Pickens.

Among papers Crown Zellerbach jumped $4 to $32¼ after Sir James Goldsmith, the UK financier, told the board he intended to buy 15 per cent to 25 per cent of the equity.

In the credit market short-term rates started to edge higher after the retail sales announcement had dampened hopes of an easing by the Federal Reserve. Six month Treasury bills put on 5 basis points to 8.40 per cent. Federal funds, however, slipped to 8⅝ per cent and the March rate on certificates of deposit held unchanged.

The bond market failed in an attempted rally and at mid-session prices were still at their lowest point. The market was in poor shape, with the suggestions by Mr Donald Regan, Treasury Secretary, for curbing the Federal Reserve's independence unsettling investors.

TOKYO

# Depressed tone led by drug makers

MOUNTING profit-taking hit pharmaceutical and other incentive-backed issues in Tokyo yesterday to drive prices sharply lower, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average shed 42.29 to 11,340.05, with turnover weakening to 321.31m shares from 356.24m. The fall in the indicator, which had gained 131 points on Wednesday, reflected the growing investor concern over the quickly rising tempo.

Electric power companies were pursued on expectations that the Ministry of International Trade and Industry (MITI) would ease restrictions on power services. Projections of higher profits and efforts by the companies to diversify also helped.

Tokyo Electric Power climbed Y80 to Y1,460 on volume of 6.40m shares, the day's fourth biggest. According to Nikko Securities foreign buying of the issue has exceeded selling by more than 1.6m shares this month.

Pacific Metals added Y5 to Y260 on talk of its shares being cornered, with 9.57m shares changing hands. Sumitomo Coal Mining added Y23 to Y278 on investor appreciation of its participation in a Miti coal liquefaction project.

Biotechnology-related pharmaceuticals slid. Kyowa Hakko shed Y37 at one stage because of a British medical magazine's report about a side-effect of a drug similar to one made and marketed by the company. The stock regained some ground to close at Y825, down Y17.

Mochida Pharmaceutical suffered another limit loss of Y500 at one point, but rebounded to finish at Y8,850, down Y400. Kaken Pharmaceutical slipped Y120 to Y3,230, Kuraray Y70 to Y682, Dainippon Pharmaceutical Y70 to Y4,520 and Toyo Jozo Y98 to Y872.

The bond market firmed as selling by smaller securities companies had run its course. Another favourable factor was a growing belief that the U.S. Federal reserve would cut its discount rate before the end of the year.

Two trust banks sold bonds in lots of Y10bn each on the over-the-counter market, and four city banks issued large-lot buy orders. The yield on the benchmark 7.3 per cent government bond due December fell to 6.59 per cent from 6.655 per cent.

## AUSTRALIA

RESOURCE issues again exerted downward pressure on Sydney, but the industrial boards remained enlivened by activity in Bell Group and Elders IXL.

Stock in Mr Robert Holmes à Court's group added 20 cents more to A$5.40, a two-day rally of 50 cents, but shares of the brewing and financial concern into which he has been buying relinquished 20 cents, more than offsetting Wednesday's 15-cent gain as no immediate bid emerged.

Elsewhere BHP dipped 8 cents to A$4.92, Peko Wallsend 15 cents to A$4.70 and Vamgas 10 cents to A$3.10.

EUROPE

# Oils under pressure, but banks gain

FEARS of a world oil price collapse hit many European oil-related shares yesterday, while banks extended recent gains against a backdrop of a corporate sector awash with developments.

Most bourse movements were confined to a change of one point or less. **Frankfurt** proved the exception with a 2.6 point fall in the Commerzbank index to 1,084.5.

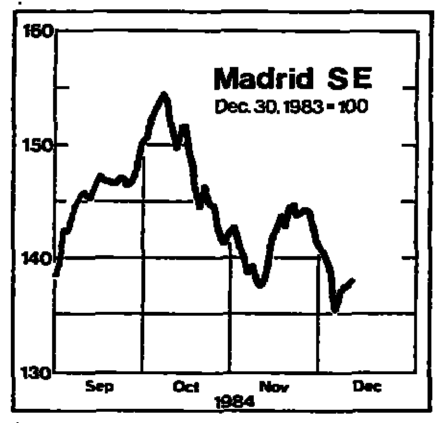
The rights issue and restructuring plan by Allianz, DM 1 down to DM 990, continued to overshadow the market, while BASF's DM 500m issue of warrant bonds to shareholders seemed viewed as ill-timed. The chemical group fell DM 1.10 to DM 175.90.

Forecasts from Daimler and GHH left the luxury car maker DM 4 weaker at DM 575 and the engineering group unchanged at DM 153. Veba, still feeling the recoil of its investment plans, was unexpectedly caught in the oil downturn and shed DM 1.30 to DM 168.70.

Builders Holzmann and Hochtief scored some of the best gains of the session with rises of DM 7 to DM 381 and DM 6 to DM 480 respectively.

Steady progress was evident in the banking sector as Dresdner repeated the DM 1.70 advance of the previous session to close at DM 190.50.

VW's expansion of its distribution control in Italy was awarded a DM 1.50 gain to DM 201.




Bonds held steady as the Bundesbank sold DM 61.1m in paper compared with the DM 23.4 sales on Wednesday.

A firmer **Amsterdam** none the less witnessed setbacks for Royal Dutch, Fl 4.40 down to Fl 169.80, and Unilever, which has incurred losses for the last five sessions, fell below the Fl 300 level with a Fl 2.50 fall to Fl 299.

Fokker hit a high for the year of Fl 82.50 with a Fl 3 gain on reports, later denied, that it had secured a major contract with Lufthansa.

Bonds moved up to 10 basis points in either direction.

**Zurich** finished easier with some weakness in medium-sized banks although the larger institutions fared better. Crédit Suisse, which expects higher 1984 profits, slipped SwFr 10 to SwFr 2,340 while Bank Leu's loss was more pronounced, SwFr 50 off at SwFr 3,800.

Banks continued to find support in **Madrid**, recovering more of last week's losses. Banco Hispano Americano, at the root of the sector's distress by deciding to pass its 1984 dividend, regained 5 points to 168 per cent of its nominal value while Banco Popular managed a 7 point gain to 353 per cent.

Unease in **Brussels** over oil prices trimmed BFr 40 off leader Petrofina at BFr 7,080 while Kredietbank moved BFr 50 higher to BFr 7,550.

A slowdown in retail price growth encouraged **Paris** with Carrefour rising FFr 15 to 1,795 and All Printemps gaining FFr 6.10 to FFr 192.10.

Electrolux was the most active in a dull **Stockholm** and finished steady at SKr 239 while industrials found support in a firmer **Milan.**

A mixed **Oslo** took Norsk Hydro to a new low for the year with a NKr 3 setback to NKr 102 ex all, as investors waited for news in the Phillips Petroleum/Boone Pickens battle.

LONDON

# Institutions provide the impetus

THE REAPPEARANCE of institutional investors revitalised London equity markets after the previous session's malaise. Selective demand from several large investment sources turned leading shares round from slightly lower to very firm closing levels.

A range of blue chips benefited from the buying, including manyconstituents of the FT Ordinary index, which closed 5.3 up at 927.6.

The most actively traded stock was again British Telecom. A further stream of selling orders, usually of a few hundred shares, hardly affected the price and after hours it rose to 98½p, the best yet, reflecting the efforts of a particularly aggressive buyer.

American support lifted ICI 18p to 688p following news of the acquisition of Beatrice Chemicals' operations. Another event was the suspension of dealings in Hambro Life Assurance, up 28p to 498p, after weeks of speculation regarding Charterhouse J. Rothschild's stake.

*Chief price changes, Page 28; Details, Page 31; Share information service, Pages 32–33*

## HONG KONG

INSTITUTIONAL buyers returned to Hong Kong, according particular favour to blue chip property issues ahead of an announcement due today from Hutchison Whampoa about development plans for a new site.

It rose 30 cents to HK$16.40, while Cheung Kong put on 25 cents to HK$9.15. Hongkong Land rose 5 cents to HK$3.65 and SHK Properties 20 cents to HK$7.40. New World Development, however, slipped 7 cents to HK$4.30.

Rises elsewhere included 25 cents for Hang Seng Bank at HK$40.75 and 30 cents in Swire Pacific at HK$20.50.

## SINGAPORE

A DEARTH of liquidity, combined with persistent light selling of banking issues in the wake of the debt-laden collapse of the Chop Hoo Thye trading house, pulled Singapore lower.

Volume leaders were Consolidated Plantations with a 3 cent fall to S$2.66, TDM up 8 cents to S$3.32 and Promet down 2 cents to S$1.93.

## SOUTH AFRICA

A RETREAT set in among Johannesburg golds, although the pace of dealings remained no more than moderate.

Western Deep shed R2.50 to R72.50 and Kloof R1.25 to R70.50. Of the mining houses Anglo-American dipped 40 cents to R22.90 and Gold Fields of SA 75 cents to R27.25.

## CANADA

EARLY LOSSES were soon reversed in Toronto, with the exception of golds, which remained weak.

Montreal showed banks faring better than utilities or industrials.

*Prices at 3pm, December 13*

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 12 Month High | Low | Stock | Div. | Yld | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 23½ | 13¾ | AAR | .48 | 2.9 | 15 | 1132 | 17 | 15¾ | 16½ | -½ |
| 30½ | 9¾ | AGS | | | 8 | 10 | 11 | 10¾ | 10¾ | -⅛ |
| 17⅞ | 13¼ | AMF | .50 | 3.4 | 82 | 313 | 15⅛ | 14¾ | 14¾ | -½ |
| 41¾ | 24¼ | AMR | | | 5 | 7429 | 34⅞ | 34 | 34¾ | +¼ |
| 20⅞ | 18¼ | AMR | pf2.18 | 12 | | 2 | 19¾ | 18¾ | 18¾ | -¼ |
| 41½ | 27½ | AMR | pf2.13 | 5.9 | | 900 | 35⅞ | 35¼ | 35⅞ | +½ |
| 25¾ | 22⅞ | ANR | pf2.67 | 11. | | 95 | 24⅛ | 23¾ | 24¼ | +1 |
| 23 | 19 | ANR | pf2.12 | 11 | | 2 | 19½ | 19½ | 19½ | |
| 15¾ | 8½ | APL | | | 3 | 44 | 10⅝ | 10⅝ | 10⅝ | +½ |
| 71¾ | 40¼ | ARA | 2.10 | 2.9 | 14 | 633 | 71¾ | 71¼ | 71¼ | |
| 69¾ | 44¾ | ASA | 3 | 6.1 | | 338 | 49¾ | 48⅞ | 48⅞ | -⅝ |
| 30⅝ | 16½ | AVX | .32 | 2.0 | 10 | 526 | 17⅞ | 16⅝ | 15¾ | -⅞ |
| 48¾ | 36¾ | AbtLab | 1.20 | 3.0 | 13 | 2054 | 40⅞ | 39⅞ | 40 | +⅛ |
| 23⅞ | 16½ | AccoWd | s.44 | 2.0 | 18 | 66 | 21⅝ | 21½ | 21½ | -⅛ |
| 27¼ | 12½ | AcmeC | .40 | 2.9 | | 56 | 14⅛ | 13¾ | 13¾ | -½ |
| 12⅞ | 8¼ | AcmeE | .32b | 3.6 | 13 | 3 | 9 | 9 | 9 | +⅛ |
| 18¾ | 15 | AdaEx | 2.11e | 13 | | 38 | 15½ | 15¼ | 15½ | +¼ |
| 18⅝ | 11⅞ | AdmMl | .32 | 2.3 | 7 | 8 | 13⅝ | 13¾ | 13½ | |
| 21½ | 8¼ | AdvSys | .811 | 8.8 | 9 | 178 | 9½ | 9⅛ | 9¼ | +⅛ |
| 41¾ | 25¼ | AMD | | | 12 | 4568 | 25⅞ | 25 | 26½ | -¼ |
| 14⅛ | 6⅞ | Advest | .12 | 1.7 | | 71 | 7⅛ | 7⅛ | 7⅛ | -⅛ |
| 18¾ | 8¾ | Aeroflex | | | 9 | 57 | 10⅝ | 10⅛ | 10⅛ | -⅛ |
| 39 | 27¼ | AetnLf | 2.64 | 7.5 | 29 | 968 | 35⅜ | 35¼ | 35⅜ | -¼ |
| 58¾ | 52⅞ | AetL | pf5.87e | 11 | | 135 | 54 | 53⅞ | 54 | |
| 34½ | 15¾ | Ahmns | 1.20 | 4.8 | 11 | 431 | 25⅛ | 24¾ | 25 | +⅛ |
| 5⅞ | 2⅞ | Aileen | | | | 54 | 3 | 2⅞ | 2⅞ | |
| 48⅞ | 38½ | AirPrd | 1.20 | 2.6 | 10 | 273 | 46⅞ | 45⅞ | 45¾ | -⅝ |
| 30½ | 13 | AirbFrt | .60 | 3.1 | 11 | 19 | 19¾ | 19 | 19¼ | +¼ |
| 4¼ | 1⅞ | AlaMoa | .3e | 7.5 | | 73 | 4 | 3⅞ | 4 | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

A-A-A · B-B-B · C-C-C · D-D-D · E-E-E · F-F-F · G-G-G · H-H-H · I-I-I · J-J-J · K-K-K · L-L-L · M-M-M · N-N-N · O-O-O · P-Q

Continued on Page 27

# AMERICAN STOCK EXCHANGE COMPOSITE PRICES

*Prices at 3pm, December 13*

[illegible]

Continued on Page 28

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 26

[illegible]

X—Y—Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 52½ | 33¾ | Xerox | 3 | 7.8 | 11 | 6861 | 40⅛ | 38½ | 38⅝ | |
| 50½ | 45¼ | Xerox | pf5.45 | 11 | | 22 | 48¾ | 48½ | 48⅝ | + ⅛ |
| 36¼ | 19 | XTRA | | 3.0 | 8 | 37 | 21¼ | 20¾ | 21 | + ¼ |
| 31⅜ | 24 | ZaleCp | 1.32 | 4.7 | 9 | 6 | 27⅞ | 27⅝ | 27⅞ | |
| 24⅞ | 15¼ | Zapata | .84 | 5.1 | 13 | 102 | 16½ | 16¼ | 16⅜ | − ⅛ |
| 49 | 28¾ | Zayre | .40b | .9 | 12 | 697 | 45⅝ | 45 | 45½ | + ¼ |
| 38⅞ | 20 | ZenithE | | | 7 | 437 | 21 | 20⅜ | 20⅞ | |
| 27⅞ | 18 | Zero | .40 | 1.9 | 15 | 121 | 20¼ | 20⅛ | 20¼ | |
| 30½ | 21½ | Zurnin | 1.32 | 5.0 | 11 | 35 | 26½ | 26⅜ | 26½ | + ⅛ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

# WORLD STOCK MARKETS

## AUSTRIA

| Dec. 13 | Price Sch% | + or — |
|---|---|---|
| Creditanstalt | 226 | ..... |
| Goesser | 331 | ..... |
| Interunfall | 397 | ..... |
| Laenderbank | 226 | ..... |
| Perlmooser | 359 | ..... |
| Steyr-Daimler | 161 | —1 |
| Veitscher Mag | 242 | —2 |

## BELGIUM/LUXEMBOURG

| Dec. 13 | Price Frs. | + or — |
|---|---|---|
| B.B.L. | 1,855 | -5 |
| Banq. Int. A. Lux | 5,500 | ..... |
| Bekaert B | 4,340 | —20 |
| Ciment CBR | 2,485 | —5 |
| Cockerill | 272 | —3 |
| Delhaize | 5,600 | ..... |
| EBES | 2,860 | —5 |
| Electrobel | 6,600 | —10 |
| Fabrique Nat | 2,055 | —15 |
| GB Inno BM | 3,125 | —5 |
| GBL (Brux) | 2,085 | —15 |
| Gevaert | 3,600 | +50 |
| Hoboken | 6,020 | —10 |
| Intercom | 2,135 | —15 |
| Kredietbank | 7,550 | —50 |
| Pan Hldgs | 9,800 | —100 |
| Petrofina | 7,080 | ..... |
| Royale Belge | 10,500 | ..... |
| Soc. Gen. Banq | 3,420 | ..... |
| Soc. Gen. Belge | 1,835 | +15 |
| Sofina | 7,610 | —70 |
| Solvay | 4,140 | —40 |
| Stanwick Intl | 1,430 | ..... |
| Tractionel | 3,900 | ..... |
| UCB | 4,915 | —65 |
| Wagon Lits | 2,490 | —10 |

## DENMARK

| Dec. 13 | Price Knr % | + or — |
|---|---|---|
| Andelsbanken | 278 | —1 |
| Baltic Skand | 660 | +5 |
| CopHandelsbank | 279 | ..... |
| D. Sukkerfab | 605 | —5 |
| Danske Bank | 279 | —2 |
| De Danske Luft | 1,065 | ..... |
| East Asiatic | 160 | —3 |
| Forenede Brygg | 760 | ..... |
| Forenede Damp | 99 | ..... |
| GNT Hldg | 384 | ..... |
| I.S.S.B. | 399 | ..... |
| Jyske Bank | 498 | —7 |
| Novo Ind | 1,330 | —20 |
| Privatbanken | 243 | —2 |
| Provinsbanken | 345 | —1 |
| Smidth (F) | 226 | —2 |
| Sophus Berend | 915 | ..... |
| Superfos | 422 | —3 |

## FRANCE

| Dec. 13 | Price Frs. | + or — |
|---|---|---|
| Emprunt 4½% 1975 | 1,640 | —0.3 |
| Emprunt 7% 1973 | 8,639 | —6 |
| Accor | 236 | —2 |
| Air Liquide | 558 | +6 |
| BIC | 495 | —4.5 |
| Bongrain | 1,700 | —1.6 |
| Bouygues | 675 | —4 |
| BSN Gervais | 2,455 | —5 |
| CIT-Alcatel | 1,299 | —11 |
| Carrefour | 1,795 | +15 |
| Club Mediter'n | 1,041 | +3 |
| Cie Bancaire | 560 | —3 |
| Cofimeg | 240.2 | +0.1 |
| Damart | 2,338 | ..... |
| Darty | 1,150 | ..... |
| Dumez S.A. | 635 | +14 |
| Eaux (Cie Gen) | 530 | —1 |
| Elf-Aquitane | 222 | —1.5 |
| Essilor | 2 889 | —1 |
| Gen. Occidentale | 640 | —3 |
| Imetal | 78 | +0.8 |
| Lafarge Coppee | 363.8 | +1 |
| L'Oreal | 2,272 | —18 |
| Legrand | 1,865 | —17 |
| Maisons Phenix | 189 | +1 |
| Matra S.A. | 1,740 | ..... |
| Michelin B | 755 | —10 |
| Midi (Cie) | 1,995 | +25 |
| Moet-Hennessy | 1,800 | ..... |
| Moulinex | 91 | —0.75 |
| Nord Est | 69.8 | —0.1 |
| Pernod Ricard | 742 | —1 |
| Perrier | 490.5 | —0.5 |
| Petroles Fra. | 243.5 | —1.3 |
| Peugeot S.A. | 246.8 | +3.8 |
| Printemp.Aus. | 192.1 | -6.1 |
| Radiotech | 229 | -11 |
| Redote | 1,195 | ..... |
| Rousul-Uclaf | 1,610 | -45 |
| Sefimeg | 287.5 | +0.5 |
| SkisRossignol | 1,749 | +4 |
| Telemech Elect | 2,205 | -15 |
| Thomson CSF | 400 | -5 |
| Valeo | 258 | -6 |

## GERMANY

| Dec. 13 | Price Dm. | + or — |
|---|---|---|
| AEG-Telef | 102.9 | +0.2 |
| Allianz Vers | 990 | —1 |
| BASF | 175.9 | —1.1 |
| Bayer | 186 | —0.6 |
| Bayer-Hypo | 319 | ..... |
| Bayer-Verein | 336 | ..... |
| BHF-Bank | 276 | +3 |
| BMW | 367 | —5.5 |
| Brown Boveri | 197 | —2.5 |
| Commerzbank | 168.2 | —1.3 |
| Cont'l. Gummi | 114 | ..... |
| Daimler-Benz | 575 | —4 |
| Degussa | 340 | —5 |
| D'sche Babcock | 145 | ..... |
| Deutsche Bank | 378.5 | +0.3 |
| Dresdner Bank | 190.5 | +1.7 |
| GHH | 153 | ..... |
| Hochtief | 480 | +6 |
| Hoechst | 184 | —2.2 |
| Hoesch Werke | 99.3 | +0.9 |
| Holzmann (P) | 381 | +7 |
| Horten | 180.1 | —0.4 |
| Hussel | 282 | —3 |
| Karstadt | 245 | —2.5 |
| Kaufhof | 231 | ..... |
| KHD | 249 | —4 |
| Kloeckner | 69 | +0.3 |
| Linde | 388 | ..... |
| Lufthansa | 178.5 | —0.5 |
| MAN | 146 | ..... |
| Mannesmann | 143.8 | —2.2 |
| Mercedes Hld | 512 | —1.5 |
| Metallgesell | 317 | +0.5 |
| Munech Rueck | 1060 | +10 |
| Nixdorf | 519.5 | +4.5 |
| Porsche | 1012 | +1 |
| Preussag | 253.5 | —1.5 |
| Rhein West Elect | 163.5 | —0.8 |
| Rosenthal | 248 | ..... |
| Schering | 425.2 | +0.2 |
| Siemens | 454.1 | +1.1 |
| Thyssen | 80.3 | +0.7 |
| Varta | 172.8 | +0.8 |
| Veba | 168.7 | —1.3 |
| V.E.W. | 121.2 | —0.8 |
| Verein-West | 292 | —1 |
| Volkswagen | 201 | +1.5 |

## ITALY

| Dec. 13 | Price Lira | + or — |
|---|---|---|
| Banca Com'le | 14,720 | —3.0 |
| Bastogi-IRBS | 135 | +3.5 |
| Centrale | 2,090 | +6.0 |
| Credito Varesino | 3,630 | +7.0 |
| Fiat | 1,910 | +1.9 |
| Finsider | 45.25 | ..... |
| Generali Assicur. | 30,700 | +510 |
| Invest | 2,925 | +2.0 |
| Italcementi | 62,920 | —4.30 |
| La Rinascenti | 495 | —2 |
| Montedison | 1,345 | +3.3 |
| Olivetti | 5,775 | —2.6 |
| Pirelli Co. | 3,365 | +6.6 |
| Pirelli Spa | 1,848 | +6.6 |
| Snia BPD | 2,068 | +4.3 |
| Toro Assic | 11,610 | +100 |
| do. Pref | 8,600 | +9.0 |

## NETHERLANDS

| Dec. 13 | Price Fls | + or — |
|---|---|---|
| ACF Holding | 185.5 | —2 |
| AEGON | 142.5 | +0.5 |
| Ahold | 180 | +0.5 |
| AKZO | 93.7 | —0.3 |
| ABN | 351.5 | +6 |
| AMEV | 196.5 | —2 |
| AMRO | 63.3 | +0.3 |
| Bredero Cert | 156 | —0.5 |
| Bos Kalis Westm. | 16 | —0.2 |
| Buehrmann-Tet | 69.5 | —1 |
| Calland Hldgs | 31.3 | +0.3 |
| Dordtsche Pet'm | 155.7 | —1.3 |
| Elsevier-NDU | 115.8 | —0.2 |
| Fokker | 82.5 | +3 |
| Gist Brocades | 163.7 | +0.7 |
| Heineken | 141.5 | ..... |
| Hoogovens | 61.8 | —0.2 |
| Int Mueller | 35.7 | —0.1 |
| KLM | 44.xc | +0.5 |
| Naarden | 47 | +0.5 |
| Nat Ned Cert | 243.2 | —0.4 |
| Ned M d Bank | 142.8 | +2.8 |
| Nedlloyd | 160 | —1.5 |
| Oce Grinten | 278 | +1 |
| Ommeren (Van) | 27 | 0.1 |
| Pakhoed | 64.9 | +1.4 |
| Philips | 53.3 | —0.2 |
| Robeco | 67.4 | +0.1 |
| Rodamco | 145.8 | —0.1 |
| Rolinco | 61.4 | ..... |
| Rorento | 43.1 | ..... |
| Royal Dutch | 169.8 | —4.4 |
| Unilever | 299 | —2.5 |
| VMF Stork | 135.5 | +0.5 |
| VNU | 199 | —0.9 |
| West Utr Bank | 116.5 | —1 |

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

## NORWAY

| Dec. 13 | Price Kroner | + or — |
|---|---|---|
| Bergens Bank | 159 | +1 |
| Borregaard | 310 | —5 |
| Christiania Bank | 184 | ..... |
| DenNorske Cred | 162 | +3 |
| Elkem | 112.5 | —3.5 |
| Kvaerner | 159 | —3 |
| Norsk Data | 299 | +6.5 |
| Norsk Hydro | 102xa | —3 |
| Storebrand | 208 | —1 |

## SPAIN

| Dec. 13 | Price Pta % | + or — |
|---|---|---|
| Bco Bilbao | 318 | +2 |
| Bco Central | 312 | +5 |
| Bco Exterior | 202 | +2 |
| Bco Hispano | 168 | +5 |
| Bco Popular | 353 | +7 |
| Bco Santander | 325 | +3 |
| Dragados | 157 | —1 |
| Hidrola | 75.7 | ..... |
| Iberduero | 81.7 | ..... |
| Petroleos | 146.2 | -2.3 |
| Telefonica | 91 | —1 |

## SWEDEN

| Dec. 13 | Price Kronor | + or — |
|---|---|---|
| AGA | 365 | ..... |
| Alfa-Laval | 194 | +2 |
| ASEA (Free) | 330 | —5 |
| Astra (Free) | 320 | —5 |
| Atlas Copco | 98 | —0.5 |
| Cardo (Free) | 245 | +5 |
| Cellulosa | 120 | +1 |
| Electrolux B | 239 | ..... |
| Ericsson | 251 | —4 |
| Esselte | 280 | +4 |
| Mo Och Domsjo | 263 | —5 |
| Pharmacia | 192 | +1 |
| Saab Scania Free | 445 | ..... |
| Sandvik | 334 | —2 |
| Skandia | 310 | —3 |
| Skan Enski'da | 52.5 | —0.5 |
| SKF | 170 | +1 |
| St Kopparbergs | 158 | ..... |
| Sven Handlesbn. | 187 | +1 |
| Swedish Match | 255 | +4 |
| Volvo B (Free) | 220 | +30 |

## SWITZERLAND

| Dec. 13 | Price Frs. | + or — |
|---|---|---|
| Alusuisse | 725 | —10 |
| Bank Leu | 3,800 | —50 |
| Brown Boveri | 1,390 | ..... |
| Ciba Geigy | 2,425 | —25 |
| do. (Part Certs) | 1,980 | —10 |
| Credit Suisse | 2,340 | —10 |
| Elektrowatt | 2,640 | —20 |
| Fischer (Geo.) | 610 | +5 |
| Hoff-RochePtCts | 87,125 | —875 |
| Hoff-Roche 1/10 | 8,700 | —103 |
| Jacobs Suchard | 6,325 | —25 |
| Jelmoli | 1,925 | ..... |
| Landis & Gyr | 1,630 | ..... |
| Nestle | 6,435 | ..... |
| Oer-Buehrle | 1,330 | —10 |
| Pirelli | 249 | —7 |
| Sandoz (Br) | 6,990 | —10 |
| Sandoz (PtCts) | 1,105 | —10 |
| Schindler (PtCts) | 635 | ..... |
| Sika | 1,040 | +10 |
| Surveillance | 3,800 | +40 |
| Swissair | 1,025 | ..... |
| Swiss Bank | 359 | —1 |
| Swiss Reinsce | 8,275 | +60 |
| Swiss Volksbk | 1,470 | —10 |
| Union Bank | 3,570 | —5 |
| Winterthur | 3,305 | —15 |
| Zurich Ins | 17,950 | +50 |

## AUSTRALIA

| Dec. 13 | Price Aust $. | + or — |
|---|---|---|
| ANZ Group | 5 | —0.02 |
| Alliance Oil Dev | 1.05 | ..... |
| Ampol Pet | 1.75 | ..... |
| Ashton | 0.84 | +0.01 |
| Aust Cons Ind | 1.75 | —0.02 |
| Aust. Guarantee | 2.58 | —0.02 |
| Aust. Nat. Inds | 2.32 | —0.01 |
| Aust. Paper | 2.14 | +0.02 |
| Bell Group | 5.4 | +0.2 |
| Bell Res | 4.3 | —0.1 |
| Bond Corp Hldgs | 1.17 | +0.02 |
| Boral | 3.15 | —0.04 |
| Bougainville | 1.55 | —0.05 |
| Brambles Inds | 3.45 | +0.05 |
| Bridge Oil | 2.25 | —0.05 |
| B.H. Prop | 4.92 | —0.08 |
| CRA | 4.8 | —0.08 |
| CSR | 2.75 | +0.01 |
| Carlton Utd | 4.50 | ..... |
| Castlemaine Tys | 4.25 | —0.05 |
| Coles (C.J.) | 3.83 | ..... |
| Comalco "A" | 2.1 | —0.03 |
| Consolidated Pet | 0.56 | —0.04 |
| Costain Aust | 1.4 | ..... |
| Dunlop Aust | 1.85 | —0.05 |
| Elders IXL | 3.3xc | —0.2 |
| Energ Res | 1.45 | +0.01 |

## AUSTRALIA (continued)

| Dec. 13 | Price Aust. $ | + or — |
|---|---|---|
| Gen Prop Trust | 2.16 | —0.01 |
| Hardie (James) | 3.05 | —0.02 |
| Hartogen Energy | 2.41 | —0.04 |
| Herald W'yTimes | 3.35 | ..... |
| ICI Aust | 1.98 | —0.04 |
| Jimberlana F.P. | 0.28 | —0.05 |
| Kia Ora Gold | 0.12 | ..... |
| Lend Lease | 5.26 | ..... |
| MIM | 2.36 | —0.04 |
| Mayne Nickless | 2.95 | —0.05 |
| Myer Emporium | 1.67 | ..... |
| Nat. Aust. Bank | 3.4 | —0.04 |
| News | 8.32 | —0.02 |
| Nicholas Kiwi | 3.14 | ..... |
| North Bkn Hill | 1.98 | —0.02 |
| Oakbridge | 0.92 | ..... |
| Pancont'l | 0.98 | —0.04 |
| Pioneer Conc | 1.50 | —0.07 |
| Poseidon | 2.9 | —0.05 |
| Queensland Coal | 1.11 | —0.01 |
| Reckitt & Coln | 2.95 | ..... |
| Repco | 1.13 | ..... |
| Santos | 5.74 | —0.06 |
| Smith (Howard) | 3.35 | ..... |
| Thos. Nationwide | 1.56 | —0.04 |
| Tooth | 5.8 | ..... |
| Vamgas | 3.1 | —0.1 |
| Western Mining | 2.6 | —0.04 |
| Westpac Bank | 3.8 | —0.02 |
| Woodside Petrol | 1.28 | —0.01 |
| Woolworths | 2.5 | ..... |
| Wormald Intl | 3.02 | +0.04 |

## HONG KONG

| Dec. 13 | Price H.K.$ | + or — |
|---|---|---|
| Bank East Asia | 22.6 | —0.1 |
| Cheung Kong | 9.15 | —0.05 |
| China Light | 11.6xa | ..... |
| Evergo | 1.58 | —0.02 |
| Hang Seng Bank | 40.75 | —0.25 |
| HK Electric | 6.35 | ..... |
| HK Kowloon Wh | 4.72 | —0.05 |
| HK Land | 3.65 | —0.05 |
| HK Shanghai Bk | 7.45 | ..... |
| HK Telephone | 48.25 | ..... |
| Hutchison Wpa | 15.6 | —0.3 |
| Jardine Math | 8.45 | —0.15 |
| New World Dev | 4.3 | —0.05 |
| Orient O'seas | 2.8 | ..... |
| Oseas Trust Bk | 2.47 | ..... |
| SHK Props | 7.4 | —0.2 |
| Shell Elect | 1.78 | —0.01 |
| Swire Pac A | 20.5 | —0.3 |
| TV-B | 4.65 | ..... |
| Wheel'k Mard A | 3.62 | —0.02 |
| Wheel'k M'time | 3.15 | ..... |
| World Int Hldgs | 1.9 | ..... |

## JAPAN

| Dec. 13 | Price Yen | + or — |
|---|---|---|
| Ajinomoto | 1,070 | —20 |
| Alps Electric | 1,980 | —20 |
| Amada | 1,020 | —20 |
| Asahi Chem | 895 | —15 |
| Asahi Glass | 876 | —5 |
| Bridgestone | 520 | ..... |
| Canon | 1,520 | +10 |
| Casio Comp | 1,750 | +50 |
| Chugai Pharm | 1,120 | +50 |
| Citizen | 680 | —15 |
| Daiei | 510 | ..... |
| Dai Nippon Ptg | 992 | ..... |
| Daiwa House | 565 | —8 |
| Ebara | 383 | —1 |
| Eisai | 1,300 | —20 |
| Fanuc | 10,900 | +100 |
| Fuji Bank | 1,200 | —40 |
| Fuji Film | 1,600 | —10 |
| Fujisawa | 914 | —5 |
| Fujitsu | 1,350 | —10 |
| Green Cross | 1,550 | —30 |
| Hasegawa | 565 | —1 |
| Heiwa Real Est | 665 | ..... |
| Hitachi | 849 | —1 |
| Hitachi Credit | 1,080 | +50 |
| Honda | 1,180 | +10 |
| House Food | 880 | —10 |
| Hoya | 2,400 | —50 |
| Itoh (C) | 255 | —1 |
| Ito Yokado | 2,520 | —20 |
| Iwatsu | 1,480 | +70 |
| JACCS | 525 | +5 |
| JAL | 8,200 | ..... |
| Jusco | 1,130 | —10 |
| Kajima | 266 | —6 |
| Kao Soap | 772 | —8 |
| Kashiyama | 820 | —4 |
| Kirin | 537 | ..... |
| Kokuyo | 925 | —5 |
| Komatsu | 437 | —1 |
| Konishiroku | 580 | —15 |
| Kubota | 352 | —8 |
| Kumagai | 485 | —5 |
| Kyoto Ceramic | 6,940 | +30 |
| Maeda Const | 476 | —10 |
| Makino Milling | 1,190 | —10 |
| Makita | 1,130 | —10 |
| Marubeni | 310 | —13 |
| Marudai | 830 | —10 |
| Marui | 1,070 | ..... |
| MEI | 1,380 | —20 |
| M'ta Elec Works | 620 | —10 |
| M'bishi Bank | 1,240 | —10 |
| M'bishi Corp | 513 | —1 |
| M'bishi Elec | 401 | ..... |
| M'bishi Estate | 509 | —1 |

## JAPAN (continued)

| Dec. 13 | Price Yen | + or — |
|---|---|---|
| MHI | 245 | —2 |
| Mitsui Co | 335 | —6 |
| Mitsui Estate | 678 | —5 |
| Mitsukoshi | 362 | —14 |
| NGK Insulators | 987 | —12 |
| Nihon Cement | 208 | —2 |
| Nippon Denso | 1,380 | —10 |
| Nippon Elect | 1,230 | —20 |
| Nippon Express | 345 | —10 |
| Nippon Gakki | 1,460 | —70 |
| Nippon Kokan | 139 | —2 |
| Nippon Oil | 886 | —8 |
| Nippon Seiko | 666 | ..... |
| Nippon Shimpan | 653 | —2 |
| Nippon Steel | 149 | ..... |
| Nippon Suisan | 330 | —2 |
| NTV | 12,680 | —180 |
| Nippon Yusen | 241 | —6 |
| Nissan Motor | 604 | —1 |
| Nisshin Flour | 493 | —1 |
| Nisshin Steel | 168 | —1 |
| Nomura | 877 | —17 |
| Olympus | 1,130 | —10 |
| Orient Leasing | 2,360 | —60 |
| Pioneer | 2,670 | —30 |
| Renown | 645 | —1 |
| Ricoh | 961 | —15 |
| Sankyo | 860 | —1 |
| Sanyo Elect | 448 | —8 |
| Sapporo | 369 | —8 |
| Sekisui Prefab | 570 | —8 |
| Seven-Eleven | 8,130 | —250 |
| Sharp | 1,030 | —20 |
| Shimadzu | 650 | —12 |
| Shionogi | 667 | —8 |
| Shiseido | 1,130 | —10 |
| Sony | 3,600 | —20 |
| Stanley | 867 | —22 |
| Sumitomo Bank | 1,650 | —10 |
| S'tomo Elect | 965 | —4 |
| S'tomo Marine | 830 | —3 |
| S'tomo Metal | 149 | +1 |
| Taisei Corp | 204 | ..... |
| Taisho Pharm | 931 | ..... |
| Takeda | 742 | —6 |
| TDK | 4,950 | —20 |
| Teijin | 420 | —2 |
| Teikoku Oil | 570 | —7 |
| Tokyo Marine | 701 | —1 |
| TBS | 781 | +1 |
| Tokyo Elect Pwr | 1,460 | —20 |
| Tokyo Gas | 169 | ..... |
| Tokyo Sanyo | 672 | —3 |
| Tokyo Style | 690 | —5 |
| Tokyu Corp | 281 | ..... |
| Toppan Print | 870 | —4 |
| Toray | 416 | —6 |
| Toshiba Elect | 421 | —3 |
| TOTO | 606 | —17 |
| Toyo Seikan | 823 | —13 |
| Toyota Motor | 1,280 | —10 |
| Victor | 1,990 | —10 |
| Wacoal | 745 | —15 |
| Yamaha | 700 | —33 |
| Yamanouchi | 3,030 | —50 |
| Yamazaki | 1,400 | ..... |
| Yasuda Fire | 356 | —3 |
| Yokogawa Bdge | 475 | —5 |

## SINGAPORE

| Dec. 13 | Price $ | + or — |
|---|---|---|
| Boustead Hldgs | 1.76 | —0.05 |
| Cold Storage | 2.59 | —0.04 |
| DBS | 5.85xa | —0.1 |
| Genting | 4.36 | —0.04 |
| Haw Par. Bros | 3.09 | —0.06 |
| Hong Leong Fin | 2.65 | ..... |
| Inchcape Bhd | 2.45 | —0.01 |
| Keppel Shipyard | 1.88 | —0.02 |
| Malay Banking | 5.65 | —0.05 |
| Malay Utd. Ind | 2.38 | —0.02 |
| Multi Purpose | 0.85 | ..... |
| OCBC | 8.95 | —0.05 |
| OUB | 3.88 | —0.06 |
| Public Bank | 1.72 | —0.03 |
| Sime Darby | 1.81 | —0.03 |
| Straits Trdg | 4.7 | —0.02 |
| Tat Lee Bk | 2.91 | ..... |
| UOB | 4.3 | —0.06 |

## SOUTH AFRICA

| Dec. 13 | Price Rand | + or — |
|---|---|---|
| Abercom | 1.4 | ..... |
| AE&CI | 7.95 | ..... |
| Anglo Am Coal | 40 | ..... |
| Anglo Am Corp | 22.9 | —0.4 |
| Anglo Am Gold | 160 | —0.05 |
| Barclays Bank | 17 | ..... |
| Barlow Rand | 10.75 | —0.1 |
| Buffels | 73.25 | ..... |
| CNA Gallo | 2.65 | ..... |
| Currie Finance | 4.2 | ..... |
| De Beers | 8.17 | ..... |
| Driefontein | 48.75 | —1.5 |
| FS Geduld | 37.75 | —0.75 |
| Gold Fields SA | 57.25 | —0.75 |
| Highveld Steel | 5.3 | —0.1 |
| Nedbank | 12.3 | —0.1 |
| OK Bazaars | 17.5 | ..... |
| Protea Hldgs | 3.5 | ..... |
| Rembrandt | 30.5 | —0.5 |
| Rennies | 14.25 | ..... |
| Rust Plat | 13 | —0.5 |
| Sage Hldgs | 7.3 | —0.1 |
| SA Brews | 6.85 | —0.1 |
| Smith CG | 22.75 | —0.75 |
| Tongaat Hulett | 7.45 | —0.15 |
| Unisec | 6.1 | ..... |

# OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

| Stock | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|
| [illegible] | | | | | |

C—C

B—B

D—D

E—E

F—F

12 Month High Low Stock Div. Yld. P/E Sls 100s High Low Close Quote Ch'ge Prev. Close

W—W—W

X—Y—Z

## LONDON

**Chief price changes**
**(in pence unless otherwise indicated)**

**RISES**

| | | |
|---|---|---|
| Tr. 2½pc i/l '20 | £95 | +£⅛ |
| Assoc. News | 478 | +13 |
| BTR | 563 | +17 |
| Barclays Bank | 542 | +12 |
| Britannic Ass. | 577 | +17 |
| Churchbury | 755 | +10 |
| Flacon Res. | 202 | +10 |
| Gee (Cecil) | 193 | +13 |
| Hambro Life | 496* | +28 |
| High Point | 265 | +30 |
| House of Fraser | 312 | +8 |
| ICI | 688 | +18 |
| Powell Duffryn | 340 | +15 |
| Untd. Scientific | 218 | +13 |
| Whitbread A | 214 | +7 |

**FALLS**

| | | |
|---|---|---|
| Tr. 13¾pc '00 | £126¾ | —£⅜ |
| CPU Computers | 67 | —18 |
| APV | 210 | —18 |
| CRA | 338 | —8 |
| Canvermoor | 72 | —15 |
| Greycoat City | 192 | —18 |
| Invent Energy | 560 | —30 |
| Minorco | 560 | —40 |
| Monk (A) | 118 | —8 |
| Peko-Wallsend | 332 | —10 |
| Sidlaw | 405 | —20 |
| Unigate | 151 | —5 |
| Vaal Reefs | £75¼ | —£3 |
| Waddington (J) | 465 | —40 |

* Price at suspension

Continued on Page 29

## CANADA

### TORONTO
*Prices at 2.30pm*
*December 13*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 1400 | C Distb A | $6 | 5⅞ | 6 | |
| 300 | CDistb B f | $5⅞ | 5⅞ | 5⅞ | |
| 2230 | CTL Bank | $10 | 9⅞ | 10 | |
| 2030 | Cominco | 350 | 350 | 350 | |
| 4850 | Conwest R | 285 | 285 | 285 | +5 |
| 8710 | Labatt | $20⅞ | | | |
| 8615 | Lac Mnrls | $27⅛ | | | |
| 100 | L'Ont Cem | $9¼ | | | |
| 1200 | Lecana | $10⅛ | | | |
| 50 | LL Lac | $28⅞ | | | |
| 775 | Loblaw Co | $18⅛ | | | |
| [illegible] | | | | | |

### MONTREAL
*Closing prices December 12*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| [illegible] | | | | | |

# AMERICAN STOCK EXCHANGE PRICES

12 Month High Low Stock Div. Yld. P/E Sls 100s High Low Close Quote Ch'ge Prev. Close

Continued from Page 27

T—T—T

U—U—U

V—V—V

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

# WORLD STOCK MARKETS

## OVER-THE-COUNTER

Continued from Page 28

## Indices

### NEW YORK-DOW JONES

| | Dec 13 | Dec 12 | Dec 11 | Dec 10 | Dec 7 | Dec 6 | 1984 High | 1984 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 1,177.45* | 1,175.13 | 1,178.33 | 1,172.26 | 1,163.21 | 1,170.48 | 1286.64 (6/1) | 1086.57 (24/7) | 1287.70 (16/11/83) | 41.22 (2/7/32) |
| Transport | 530.88* | 530.78 | 528.24 | 525.58 | 522.78 | 522.25 | 612.63 (9/1) | 444.83 (25/7) | 612.63 (9/1/84) | 12.32 (8/7/32) |
| Utilities | 144.54* | 144.80 | 144.54 | 144.54 | 144.65 | 145.16 | 148.39 (6/11) | 122.25 (15/6) | 163.72 (20/4/69) | 10.5 (28/4/42) |
| Trading vol | - | 78.71m | 88.24m | 81.14m | 81.80m | 86.58m | – | – | – | – |

| | Dec 7 | Nov 30 | Nov 23 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind Div Yield % | 5.04 | 4.92 | 4.79 | 4.47 |

### STANDARD AND POORS

| | Dec 13 | Dec 12 | Dec 11 | Dec 10 | Dec 7 | Dec 6 | 1984 High | 1984 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 181.65* | 181.58 | 182.31 | 182.06 | 181.45 | 181.89 | 191.48 (6/11) | 167.74 (24/7) | 194.84 (10/10/83) | 3.62 (30/6/32) |
| Composite | 162.88* | 162.63 | 163.07 | 162.83 | 162.26 | 162.78 | 170.41 (6/11) | 147.82 (24/7) | 172.15 (10/10/83) | 4.40 (1/6/32) |

| | Nov 28 | Nov 14 | Nov 7 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind div yield % | 4.12 | 4.07 | 3.95 | 3.72 |
| Ind. P/E Ratio | 10.68 | 10.69 | 10.88 | 14.43 |
| Long Gov Bond Yield | 11.37 | 11.71 | 11.57 | 11.48 |

### N.Y.S.E ALL COMMON

| Dec 13 | Dec 12 | Dec 11 | Dec 10 | 1984 High | 1984 Low |
|---|---|---|---|---|---|
| 93.85* | 93.79 | 94.08 | 93.81 | 98.12 (6.11) | 85 13 (24/7) |

### RISES AND FALLS

| | Dec 12 | Dec 11 | Dec 10 |
|---|---|---|---|
| Issues traded | 2.008 | 2,003 | 2.020 |
| Rises | 654 | 845 | 778 |
| Falls | 804 | 664 | 758 |
| Unchanged | 548 | 494 | 488 |

### TORONTO

| | Dec 13 | Dec 12 | Dec 11 | Dec 10 | 1984 High | 1984 Low |
|---|---|---|---|---|---|---|
| Metals & Minls | 1,863.6* | 1,853.9 | 1,873.8 | 1,858.5 | 2524.4 (12/1) | 1941.2 (25/7) |
| Composite | 2,346.2* | 2,341.7 | 2,349.5 | 2,347.1 | 2585.7 (6/1) | 2079.7 (24/7) |
| MONTREAL Portfolio | 117.16* | 116.48 | 116.88 | 116.58 | 126.83 (10/1) | 108.36 (24/7) |

* Indicates pre-close figure

### New York Active Stocks

| | Stocks Traded | 3.00p.m. Price | Change on Day | | Stocks Traded | 3.00p.m. Price | Change on Day |
|---|---|---|---|---|---|---|---|
| ATT | 1,496,800 | 18⅞ | − ⅛ | AMR Corp | 743,700 | 34¾ | + ⅛ |
| Phil Pete | 1,266,200 | 63½ | + 1½ | Bellsouth | 894,800 | 32⅞ | + ⅜ |
| British Te | 1,048,600 | 11⅞ | + ⅛ | Xerox | 686,300 | 38⅛ | + ⅛ |
| Union Carb | 882,200 | 36⅛ | + ⅛ | Ad Rich | 665,400 | 44¼ | − ⅝ |
| IBM | 881,900 | 119 | + ¼ | Exxon | 658,700 | 43½ | − ⅜ |

Advances 799 Declines 744

# FT COMMERCIAL LAW REPORTS

## Import of an Italian-made drug would infringe UK patent

ALLEN AND HANBURYS v GENERICS (UK) LIMITED

Chancery Division: Mr Justice Falconer: December 7, 1984

**WHERE A product patented under UK law is imported into the UK from an EEC member state without the patentee's consent, such importation is capable under EEC law of infringing the patent if the product was not patentable in the member state and was manufactured there without licence or authority from the patentee. And as EEC law recognises national patent rights in those circumstances, the UK court may restrain importation by injunction under the statutory provisions relating to licences of right, nothwithstanding that it could not restrain domestic infringement and that its action is therefore discriminatory.**

Mr Justice Falconer so held when giving judgment for Allen and Hanburys Ltd ("Allen") in its action against Generics (UK) Ltd for infringement of a pharmaceutical patent.

Section 46(3)(c) of the Patents Act 1977, referring to patents under which licences are to be available as of right, provides: "*if in proceedings for infringement of the patent (otherwise than by the importation of any article) the defendant* . . . undertakes to take a licence [on terms settled by the Comptroller] no injunction shall be granted. . . ."

Article 36 of the European Economic Community (EEC) reaty provides: "The provisions of articles 30 to 24 shall not preclude prohibitions or restrictions on imports . . . justified on grounds of . . . protection of industrial and commercial property. Such prohibitions or restrictions shall not. however, constitute a means of arbitrary discrimination or a disguised restriction on trade between member states."

HIS LORDSHIP said that Allen, a company in the Glaxo group, was patentee of salbutamol, a most successful drug used in the treatment of asthma and marketed under the name Ventolin.

The patent was compulsorily subject to endorsement of licences of right under the transitional provisions of the Patents Act 1977. Licences had been granted to drug companies to manufacture and sell in the UK, but not to import.

Allen or the Glaxo group had existing salbutamol patents in a number of European companies, but not in Italy because, at the time of applying for patents Italian law had prohibited patents for drugs. There any one could manufacture and sell the drug without infringing the patent rights.

Generics was a drug company which became interested in importing salbutamol manufactured in Italy into the UK. On August 2 1984 it filed an application to the Comptoller General for a licence of right and for him to settle the terms. The draft licence supplied included a licence to import.

Generics wrote to Allen indicating that it was going to import salbutamol *from Italy as* from the beginning of October 1984. Allen issued a writ for infringement and sought an injunction to restrain Generics from importing the drug, and from otherwise infringing the patent.

In defence Generics contended that if its acts were infringements under the rules of English law, those rules were inapplicable by virtue of articles 7 and 30 of the EEC Treaty; and that if an injunction were available, it was inapplicable under articles 7, 30 and 36.

The first question raised by the defence was whether it was an infringement of a UK patent to import salbutamol, manufactured and lawfully on the market in Italy, into the UK.

Article 30 of the Treaty provided that quantitive restrictions on imports "*and all measures* having equivalent effect shall . . . be prohibited between member States."

Against those prohibitions, article 36 provided certain exceptions relating to prohibitions or restrictions for *inter alia* the "protection of industrial and commercial property" (eg. patents), but such restrictions should not "constitute a means of arbitrary discrimination or a disguised restriction of trade between member States."

*In Centrafarm [1974] 2 CMLR* the European Court of Justice (ECJ) in paragraph 11 of its judgment. said : "While an obstacle to free movement might be justifiable for . . . protection of industrial property when the protection is invoked against a product coming from a member State in which it is not patentable and has been manufactured by third parties without the consent of the patentee . . . the derogation to the principle of free movement of goods is not justified when the product has been lawfully put by the patentee himself or with his con sent, on the market of the member State for which it is being imported . . ."

That paragraph, in the latter part, commencing with "the derogation," enunciated what had become known as the doctrine of exhaustion of rights. The opening words of the paragraph made it plain, that the doctrine had no application to a case where national patent rights were sought to be enforced to prevent importation of a product coming from another member-state in which it had no patent protection and had been manufactured by a third party without the consent of the patentee. That *of course, was the present case.*

In Merck v Stephan [1982] FSR 57 the ECJ reiterated what it had said in Centrafarm. In paragraph 5 of its judgment it said that "an obstacle to the free circulation of goods may be justified by reason of the protection of industrial property when the protection is invoked against a product originating from a member-state where it is not patentable and was manufactured by third parties without the patent proprietor's consent."

The answer to the first question therefore was that the importation was an infringement of the patent in that salbutamol had not been put on the market in Italy by Allen or with its authority or consent.

The second question raised by the defence was whether paragraph 46(3)(c) of the Patents Act 1977, which made an injunction available against an importer of infringing material from the EEC, but not against the manufacturer of infringing material in the UK (where both had undertaken to accept the terms of a licence of right settled by the Controller General), applicable in the light of articles 7, 30 and 36 of the EEC Treaty.

It was common ground that *paragraph (c) of section 46(3)* effected a discrimination as between a manufacturer, who infringed a patent by manufacturing in the UK and a person who infringed by importing the product manufactured abroad. The former could not be enjoined, but the latter could.

Mr Pumfrey for Generics, contende dthat any policy which discriminated between manufacturers of a patented product in the UK and an improted importing the product manufactured in other EEC countries was unlawful according to EEC law, and any domestic law, and any domestic law which had that effect was "inapplicable."

He submitted that the discrimination was contrary to article 7 of the Treaty which provided that "any discrimination on grounds of naitonality shall be prohibited." Also, he said, it was an arbitrary discrimination contrary to the concluding *words of article 36, even if it* fell as a prhobition or restriction within the earlier words of that article.

He referred to a number of cases in which the ECJ had held discrimination on grounds of favouring domestic manufacturers was arbitrary within the concluding words of article 36—see *International Fruit [1971] ECR 1107; Commission v French Republic [1980] ECR 2299; Commission v Ireland [1982] ECR 4003.*

But none of those cases was concerned with the status of patent rights under article 36 and the extent to which patent rights might be exercised in the EEC. That had been recognised and enunciated in *Centrafarm* and *Merck*.

Mr Pumfrey also referred to *Macarthys v Smith [1981] QB 180, 200* where Lord Denning MR said that Community law was part of English law and that "whenever there is any inconsistency Community law has priority."

The court must apply the EEC law as declared by the ECJ in *Centrafarm* and *Merck* when considering whether importation infringed a patent right. Where, *as in the present case, importation* was from a country where the product was *not patentable* and had *not* been manufactured by the patentee or by his licence or authority, the court was free to apply and should apply the clearly expressed view of the ECJ in *Centrafarm* and *Merck* that exercise of the patent right to prevent such importation as an infringement of that right, was a justifiable prohibition or restriction under article 36.

It followed that the answer to the second question was that the court had jurisdiction under section 46(3)(c) to grant injunctive relief to a UK patentee seeking to prevent importation of a patented product manufactured in another member state where it was not patentable and had not been manufactured there by the patentee or with his licence, authority or consent.

As a result, both "Euro" defences failed and Allen was entitled to judgment.

*For Allen: Antony Watson and Guy Burkill (Bristow's Cooke and Carpmael).*

*For Generics: Nicholas Pumphrey (F. J. Bercin and Company).*

**By Rachel Davies**
*Barrister*

# LONDON STOCK EXCHANGE

## MARKET REPORT

# Institutional demand revitalises equity markets

# Telecom rise to highest yet

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Nov 26 | Dec 6 | Dec 7 | Dec 17 |
| Dec 10 | Dec 20 | Dec 21 | Jan 7 |
| Dec 24 | Jan 10 | Jan 11 | Jan 21 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

The reappearance of institutional investors revitalised London equity markets after the previous session's malaise. Selective demand from several large investment sources seeking a home for funds before expiry of the current trading Account, the last full period of 1984, turned leading shares round from slightly lower to very firm closing levels.

The influx of cash caught many share dealers holding short book positions and the price upturn gathered momentum as attempts were made to rectify the situation. A whole range of blue chips benefited from the buying, including many constituents of the FT Ordinary share index. The most actively traded stock was again British Telecom. A further stream of selling orders, usually of a few hundred shares, hardly affected the price and after-hours it rose to 98½p, the best yet, reflecting the efforts of a particularly aggressive buyer. Measuring the overall situation, the 30-share index began a point lower but closed 5.3 up on the day at 927.6.

American support lifted ICI late following news of the acquisition of Beatrice Chemicals' operations for $750m, while another major event was the suspension of dealings in Hambro Life Assurance. After weeks of speculation regarding Charterhouse J. Rothschild's near-25 per cent stake, Bats Industries were believed to have bought the holding; at suspension Hambro Life were 498p, up 28. News of a bid approach was reported late in the evening.

Government securities seemed to be regaining composure and presented a more stable trend awaiting opening of the U.S. bond market. News of better-than-expected U.S. retail sales, however, upset American credit and bond markets with the result that Gilt-edged stocks followed to close around ¼ lower after very thin trading. Index-linked issues, reflecting inflationary possibilities, attracted improved demand and rose a point before reacting late to settle ¼ better on balance.

### Insurances active

Life's suspension sparked off strong speculative buying of other Life Insurance issues and many registered gains of 20-plus before reacting almost as quickly to close with only modest improvements on balance. Legal and General settled 7 higher at 552p, after 570p, and Pearl just a penny dearer on balance at 948p, after 960p. Sun Life closed 12 up at 737p, after 757p, and Britannic 17 dearer at 577p, after 585p. Composites, dull at first on Press suggestions that many issues were over-priced, picked up to close virtually unchanged. Brokers advanced strongly with C. H. Heath leading the way at 548p, up 13.

Brazil's agreement to toughen its economic programme in the coming year gave the major clearing banks a modest boost. Barclays rose 12 to 542p, and Lloyds and NatWest, 575p, both firmed 7. Elsewhere, Bank of Scotland moved up 8 to a 1984 high of 458p, while Southern Business Leasing rose 8 to 120p.

Management buy-out specialists Candover Investments staged a successful market debut; the shares, placed at 160p, opened at 176p and touched 182p prior to closing at 178p. Electronics concern Penny and Giles International also *fared well in first time dealings* in the Unlisted Securities Market, the shares settling at 158p compared with the placing price of 130p.

Breweries were again highlighted by hWitbread which attracted persistent institutional *interest and rose 7 for a gain* of 21 so far this week to 214p. Scottish and Newcastle, interim results scheduled for next Monday, eased the turn to 129½p. A steady stream of company trading statements enlivened proceedings among Regionals. Vaux proved to be the liveliest counter; down to 237p immediately after slightly disappointing preliminary results and the venodr share placing, Vaux attracted sporadic buying and finally settled a net penny to the good at 241p. Greene King, 150p, and Eldridge Pope, 160p, both lost ground following results, but London-based Fuller Smith and Turner were marked 10 higher to 345p on satisfaction with the half-time results. Wines and spirits featured renewed support of Distillers which advanced 6 to 311p; the mid-term *figures will be announced* next Thursday.

Secondary issues provided the noteworthy movements in a generally subdued Building sector. Heywood Williams shed 3 to 118p following acquisition news, while A. Monk fell 18 to 118p in the wake of poor interim figures. On the other hand, Ruberoid firmed 6 to 201p in a restricted market and McCarthy and Stone rose 15 afresh to 230p.

News of the group's agreed purchase of the eBatrice chemical operations for $750m cash prompted strong American support for ICI which closed 18 higher at 688p. Among other Chemicals Morceau Holdings moved up 12 to 172p following newsletter comment.

### Stores close at best

Business in leading Stores improved around mid-day; thereafter, dealers reported persistent inquiry as investors were encouraged by reports that the Christmas spending spree is well under way. House of Fraser led the advance, rising 8 to 312p while similar gains were noted for Burton, 392p, Habitat Mothercare, 392p and British Home, 266p. Quiet conditions also prevailed among secondline counters, although speculators still found plenty of interest. Cecil Gee touched 195p before settling 13 up at 193p—a two-day gain of 28 following news of a bid approach.

Leading Engineers trended firmer with GKN, 184p, and Vickers, 206p, improving 4 apiece. TI, however, gave up that amount at 388p. Among secondary issues, APV weakened 18 to 210p amid talk of a broker's adverse circular. British Steam Specialities, in contrast, put on 4 to 100p in response to the increased interim dividend and profits. RHP hardened 1½ to 83p following the preliminary figures.

Leading Electricals were inclined a few pence firmer where altered. Elsewhere, United Scientific stood out with a rise of 12 to 312p following better-than-expected preliminary figures. Tunstall Telecom, still reflecting good annual results, firmed 5 more for a two-day gain of 38 to 340p. On the other hand, CPU Computers dipped 18 to 67p following the chairman's agm statement on the prospects outlook.

Unigate's interim profits were deemed disappointing and the close was 5 down at 151p, while Tate and Lyle shed 5 to 438p and Northern Foods 2 to 208p following comment on their respective trading statements. Cavenham fell 15 to 72p following poor annual figures, but Fyke Holdings gained 12 to 277p ahead of Monday's preliminary statement. Lower annual profits coupled with a rights issue proposal left Carr's Milling a couple of pence cheaper at 104p.

### BTR good

The miscellaneous industrial leaders encountered selective buying interest with BTR particularly good at 563p, up 17. Trafalgar House, again assisted by traded option demand, improved 6 more to 327p, while Metal Box edged up 4 further to 382p. Beecham rallied smartly to 378p before settling a little below the best at 375p, up 7, and Boots picked up a couple of 190p. Elsewhere, Sidlaw were a dull feature at 405p, down 20, on disappointment with the preliminary figures, but Powell Duffryn, in which Hanson Trust has a stake, encountered speculative demand and put on 15 to 340p. Further buying lifted Turner and Newall 5 more to 111p, while Brengreen, still reflecting news of Hawley Group's near-15 per cent stake, improved 2½ more to 59p. Fobel gave up 3 further at 32p after the poor interim figures, but USM counter, High Point Servies, advanced 30 to *285p in a limited market. Lower* mid-term earnings left RFD 3 cheaper at 104p, while ohnson Matthey drifted off to close 5 down at 70p.

A lively two-way business developed in AE; down to 102p in initial reaction to preliminary profits below most market estimates, the shares staged a steady rally and finally closed unchanged on balance at 108p helped by the confident tenor of the chairman's statement.

A few pence lower at the outset, John Waddington gave further ground and closed a net 40 cheaper at 465p on the none-too-surprising announcement that the unwelcome offer from British Printing and Communication had lapsed; BPCC reverted to the overnight level of 175p, after 177p. Elsewhere, McCorquodale, which announced better-than-expected preliminary results last Tuesday, rose 8 more to 163p, while Associated Paper improved 6 for a two-day advance of 16 to 192p, also on further consideration of annual figures. Among advertising agencies, Boase Massimi Pollitt hardened a few pence to 665p in response to the proposed £10m acquisition of Marketing Solutions, which accompanied a bullish profits forecast.

Takeover developments provided the interest in Properties. Dealings in Greycoat City Offices, Churchbury Estates and Law *Land resumed following details* of the agreed offers from Greycoat fell sharply from the suspension price of 208p to close a net 16 down at 192p. Churchbury resumed 40 above the suspension level of 745p, but gradually slipped back to close just 10 higher at 755p, while Law Land closed 20 higher at 147p. Elsewhere, Haslemere Estates slipped to 500p prior to closing a couple of pence cheaper at 504p following interim profits slightly below expectations.

Textiles closed firmer for choice under the lead of Courtaulds, 4 up at 120p. Total attracted fresh speculative support and improved 3½ to 17½p, while the interim profits recovery lifted takeover favourite Harold Ingram 7 to 130p, after 125p. Also on the results front, Richards advanced 3 to 34p following the increased dividend and sharply higher full-year profits.

F & C Eurotrust eased a penny to 119p mirroring the proposed rights issue in Convertible loan stock. Financials were irregular. London Merchant Securities rose 4 to 78p, after 79p, and the Deferred a similar amount to 62p following more-than-doubled first-half profits. Stockjobbers Smith Bros., on the other hand, shed the turn to 103p despite the impressive interim statement.

### Burmah move ahead

Persistent talk of an imminent bid, or the possible sale of its Quinton Hazell subsidiary boosted Burmah Oil a further 4 to a year's best of 227p.

Other leading oils, however, remained a neglected market and tended to slip back on small scrappy selling. BP and Shell dipped a further 5 apiece to 490p and 648p respectively, while similar losses were sustained by Tricentrol, 200p and Ultramar, 225p.

Secondary issues were featured by Invest Energy where profit-taking left the shares 30 lower at 560p.

Cliff Oil eased a fraction to 56p following the results, while in overseas stocks, Palliser International were an active market and fell away to 17p before *rallying to close* a net penny firmer at 21p. Falcon Resources continued toattract speculative support and advanced 10 to a 1984 high of 202p. Great Western Resources added a like amount to 280p.

### Minorco weak

Speculation in mining markets that Charter Consolidated had placed a substantial amount of Minorco shares—in its 1984 annual report Charter held a 7.9 per cent stake in Minorco—was accompanied by a sharp fall in *Minorco's quotation which* dropped 40 to 560p. Charter were well supported throughout the day and closed a further 3 higher at 190p, a rise of 7 since the interim figures announced on Wednesday.

South African Gold shares were marked down sharply at the outset, reflecting heavy overnight U.S. selling, but picked up during the morning owing to support from a number of Continental sources. However, a gradual decline in bullion during the afternoon encouraged further American offerings and share *prices dipped afresh before* steadying in the after-hours trade.

The Gold Mines index dropped 14.1 to 517.5, its lowest level since early November.

South African Financials were equally depressed and gave ground throughout the session. "Amgold" fell £1½ to £72¾, Anglo American Corporation dipped ⅜ to £10¾ and Gencor lost ½ to £11. Among the UK-registered issues Consolidated Gold Fields and Rio Tinto-Zinc dipped 3 apiece to 485p and 602p.

Renewed weakness in Sydney and Melbourne overnight prompted a widespread mark-down in London and little support developed thereafter.

Major casualties in the leaders included Peko-Wallsend, 10 off at 332p, and CRA, 8 cheaper at 335p. Many of the speculative issues *attracted persistent selling pressure.* Southern Resources gave up 6 at 78p, Allstate fell 2 to 24p and Southern Goldfields eased 1½ to 20p.

Demand for Traded Options continued to decline. Total contracts struck yesterday amounted to 6,454—4,449 calls and 2,005 puts. British Telecom recorded 358 calls and 994 puts, 605 of the latter done in the May 90's. Trafalgar House remained active in attracting 1,108 calls. Lonrho and Tesco also met demand and recorded 410 and 450 calls respectively.

## FINANCIAL TIMES STOCK INDICES

| | Dec. 13 | Dec. 12 | Dec. 11 | Dec. 10 | Dec. 7 | Dec. 6 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 82.58 | 82.91 | 83.15 | 83.29 | 83.27 | 83.54 | 82.26 |
| Fixed Interest | 85.95 | 86.09 | 86.12 | 86.11 | 86.33 | 86.38 | 85.81 |
| Ordinary | 927.6 | 922.3 | 930.1 | 930.3 | 923.0 | 908.4 | 752.8 |
| Gold Mines | 517.5 | 531.6 | 529.8 | 533.3 | 547.5 | 547.3 | 570.5 |
| Ord. Div. Yield | 4.64 | 4.66 | 4.63 | 4.63 | 4.66 | 4.69 | 4.65 |
| Earnings, Yld.% (full) | 11.75 | 11.86 | 11.80 | 11.82 | 11.90 | 12.01 | 9.51 |
| P/E Ratio (net) (*) | 10.81 | 10.10 | 10.17 | 10.15 | 10.09 | 9.99 | 12.83 |
| Total bargains (Est.) | 29,485 | 32,528 | 31,321 | 34,882 | 32,986 | 24,036 | 19,828 |
| Equity turnover £m. | — | 571.89 | 406.72 | 358.26 | 461.27 | 569.12 | 355.86 |
| Equity bargains | — | 44,106 | 41,900 | 35,769 | 27,110 | 27,675 | 16,430 |
| Shares traded (ml) | — | 259.4 | 266.5 | 216.5 | 237.5 | 331.5 | 150.0 |

10 am 921.2. 11 am 924.1. Noon 926.4. 1 pm 927.6. 2 pm 928.3. 3 pm 928.1.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026

*Nil=9.87

## HIGHS AND LOWS / S.E. ACTIVITY

| | 1984 High | 1984 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 83.77 (9/1) | 75.73 (30/7) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 87.48 (14/5) | 80.43 (30/7) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary | 930.3 (10/12) | 755.3 (23/7) | 930.3 (10/12/84) | 49.4 (26/6/40) |
| Gold Mines | 711.7 (3/5) | 485.7 (1/6) | 734.7 (15/2/83) | 43.5 (26/10/71) |

| | Dec. 12 | Dec. 11 |
|---|---|---|
| Daily Gilt Edged Bargains | 136.1 | 137.7 |
| Equities Bargains | 288.8 | 271.5 |
| Value | 751.7 | 822.1 |
| 5-day Average Gilt Edged Bargains | 134.6 | 137.5 |
| Equities Bargains | 195.5 | 196.7 |
| Value | 870.9 | 917.1 |

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thur Dec 13 1984 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 30%) | Est. P/E Ratio (Net) | Wed Dec 12 Index No. | Tues Dec 11 Index No. | Mon Dec 10 Index No. | Fri Dec 7 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (205) | 547.60 | +0.1 | 9.69 | 3.81 | 12.92 | 544.78 | 547.61 | 548.42 | 544.93 | 460.67 |
| 2 Building Materials (23) | [illegible] | | | | | | | | | |
| 3 Contracting, Construction (30) | [illegible] | | | | | | | | | |
| 4 Electricals (14) | [illegible] | | | | | | | | | |
| 5 Electronics (34) | [illegible] | | | | | | | | | |
| 6 Mechanical Engineering (60) | [illegible] | | | | | | | | | |
| 8 Metals and Metal Forming (9) | [illegible] | | | | | | | | | |
| 9 Motors (17) | [illegible] | | | | | | | | | |
| 10 Other Industrial Materials (18) | [illegible] | | | | | | | | | |
| 21 CONSUMER GROUP (189) | [illegible] | | | | | | | | | |
| 22 Brewers and Distillers (23) | [illegible] | | | | | | | | | |
| 25 Food Manufacturing (21) | [illegible] | | | | | | | | | |
| 26 Food Retailing (12) | [illegible] | | | | | | | | | |
| 27 Health and Household Products (9) | [illegible] | | | | | | | | | |
| 29 Leisure (25) | [illegible] | | | | | | | | | |
| 31 Newspapers, Publishing (13) | [illegible] | | | | | | | | | |
| 32 Packaging and Paper (14) | [illegible] | | | | | | | | | |
| 34 Stores (45) | [illegible] | | | | | | | | | |
| 35 Textiles (19) | [illegible] | | | | | | | | | |
| 36 Tobaccos (3) | [illegible] | | | | | | | | | |
| 39 Other Consumer (7) | [illegible] | | | | | | | | | |
| 41 OTHER GROUPS (89) | [illegible] | | | | | | | | | |
| 42 Chemicals (17) | [illegible] | | | | | | | | | |
| 44 Office Equipment (4) | [illegible] | | | | | | | | | |
| 45 Shipping and Transport (13) | [illegible] | | | | | | | | | |
| 46 Miscellaneous (53) | [illegible] | | | | | | | | | |
| 47 Telephone Networks (2) | [illegible] | | | | | | | | | |
| 49 INDUSTRIAL GROUP (483) | [illegible] | | | | | | | | | |
| 51 Oils (17) | [illegible] | | | | | | | | | |
| 59 500 SHARE INDEX (500) | [illegible] | | | | | | | | | |
| 61 FINANCIAL GROUP (117) | [illegible] | | | | | | | | | |
| 62 Banks (6) | [illegible] | | | | | | | | | |
| 63 Discount Houses (8) | [illegible] | | | | | | | | | |
| 65 Insurance (Life) (9) | [illegible] | | | | | | | | | |
| 66 Insurance (Composite) (7) | [illegible] | | | | | | | | | |
| 67 Insurance (Brokers) (6) | [illegible] | | | | | | | | | |
| 68 Merchant Banks (12) | [illegible] | | | | | | | | | |
| 69 Property (53) | [illegible] | | | | | | | | | |
| 70 Other Finance (18) | [illegible] | | | | | | | | | |
| 71 Investment Trusts (105) | [illegible] | | | | | | | | | |
| 81 Mining Finance (4) | [illegible] | | | | | | | | | |
| 91 Overseas Traders (14) | [illegible] | | | | | | | | | |
| 99 ALL-SHARE INDEX (740) | 574.18 | +0.3 | [illegible] | | | | | | | |
| FT-SE 100 SHARE INDEX | 1196.7 | +6.0 | [illegible] | | | | | | | |

## FIXED INTEREST

| PRICE INDICES | Thur Dec 13 | Day's change % | Wed Dec 12 | xd adj. today | xd adj. 1984 to date |
|---|---|---|---|---|---|
| British Government 1 5 years | [illegible] | | | | |
| 2 5-15 years | [illegible] | | | | |
| 3 Over 15 years | [illegible] | | | | |
| 4 Irredeemables | [illegible] | | | | |
| 5 All stocks | [illegible] | | | | |
| 6 Debentures & Loans | [illegible] | | | | |
| 7 Preference | [illegible] | | | | |
| BRITISH GOVERNMENT INDEX-LINKED STOCKS 8 All stocks | [illegible] | | | | |

| AVERAGE GROSS REDEMPTION YIELDS | Thur Dec 13 | Wed Dec 12 | Year ago (approx.) |
|---|---|---|---|
| British Government 1 Low Coupons 5 years | [illegible] | | |
| 2 15 years | [illegible] | | |
| 3 25 years | [illegible] | | |
| 4 Medium Coupons 5 years | [illegible] | | |
| 5 15 years | [illegible] | | |
| 6 25 years | [illegible] | | |
| 7 High Coupons 5 years | [illegible] | | |
| 8 15 years | [illegible] | | |
| 9 25 years | [illegible] | | |
| 10 Irredeemables | [illegible] | | |
| 11 Debs & Loans 5 years | [illegible] | | |
| 12 15 years | [illegible] | | |
| 13 25 years | [illegible] | | |
| 14 Preference | [illegible] | | |
| 15 Inflation rate 5% | [illegible] | | |
| 16 Inflation rate 10% | [illegible] | | |

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

## RECENT ISSUES

### EQUITIES

| Issue price p | Amount paid up | Latest Renunc. date | 1984 High | 1984 Low | Stock | Closing price p | +or− | Net Div. | Times covered | Gross yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | | |

### FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1984 High | 1984 Low | Stock | Closing price £ | +or− |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

### "RIGHTS" OFFERS

| Issue price p | Amount paid up | Latest Renunc. date | 1984 High | 1984 Low | Stock | Closing price p | +or− |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully-paid. ■ Introduction. ⊕ Unlisted Securities Market. ‡ Placing price. † Figures assumed. †† Official London Listing Shares of no par value.

## OPTIONS

| First Deal-ings | Last Deal-ings | Last Declara-tion | For Settle-ment |
|---|---|---|---|
| Dec 3 | Dec 14 | Mar 7 | Mar 18 |
| Dec 17 | Jan 4 | Mar 21 | Apr 1 |
| Jan 7 | Jan 18 | Apr 11 | Apr 22 |

*For rate indications see end of Share Information Service*

Call options were taken out in British Telecom, Carpets International, Oliver Prospecting, Inter-City Investments, Feedex Agricultural Industries, Beecham, Brunswick Oil, Barker and Dobson and Atlantic Resources. No puts were reported, but doubles were transacted in Sun Oil Royalties and British Telecom.

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

| Stock | Closing price | Day's change |
|---|---|---|
| AE | 108 | — |
| British Telecom | 98½ | +3 |
| Burmah Oil | 227 | +4 |
| CPU Computers | 67 | −18 |
| Chur. J. Rothschild | 96 | — |
| Churchbury Ests | 755 | +10 |
| Greycoat City Offices | 192 | −16 |
| Hambro Life | 498* | +28 |
| ICI | 688 | +18 |
| Legal and General | 552 | +7 |
| Unigate | 151 | −5 |
| Waddington (J.) | 465 | −40 |

* Price at suspension

## WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

| Stock | No. of changes | Wed. close price | Day's change |
|---|---|---|---|
| Brit Telecom | 17 | 95½ | +1 |
| Brengreen | 16 | 54½ | +4½ |
| McCarthy & S. 7pc Cvl | 16 | £10pm | — |
| J. Marty's SpcPf | 15 | [illegible] | [illegible] |
| Boots | 12 | 188 | −10 |
| Falcon Res | 12 | 192 | −6 |
| Glaxo | 12 | £10⅞ | −⅛ |
| Tate and Lyle | 12 | 443 | −2 |
| Royal Int. | 11 | [illegible] | [illegible] |
| Beecham | 11 | 368 | −12 |
| Pilkington Bros | 11 | 233 | −10 |
| Burmah Oil | 10 | 223 | +6 |
| Reed Int. | 10 | 618 | +12 |
| BOC | 9 | 257 | +2 |
| GUS "A" | 9 | 660 | −8 |

† Nil-paid.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 75 | 76 | 11 |
| Corpns. Dom. and Foreign Bonds | 4 | 15 | 64 |
| Industrials | 276 | 202 | 948 |
| Financial and Props. | 113 | 56 | 374 |
| Oils | 15 | 34 | 79 |
| Plantations | 3 | 6 | 8 |
| Mines | 27 | 88 | 87 |
| Others | 48 | 76 | 72 |
| Totals | 476 | 548 | 1,633 |

## NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (113)

BRITISH FUNDS (5)
CORPORATION LOANS (1)
AMERICANS (8)
BANKS (3)
BREWERIES (1)
BUILDINGS (1)
CHEMICALS (4)
STORES (8)
ELECTRICALS (5)
ENGINEERING (7)
FOODS (3)
HOTELS (1)
INDUSTRIALS (16)
INSURANCE (7)
LEISURE (2)
NEWSPAPERS (1)
PAPER (4)
PROPERTY (7)
TEXTILES (1)
TOBACCOS (1)
TRUSTS (16)
OILS (3)
PLANTATIONS (1)
MINES (1)

NEW LOWS (14)

BRITISH FUNDS (1)
Ex. 3¼pc '98 A (£60 pd.)
ENGINEERING (1)
APV
INDUSTRIALS (3)
Beatson Clark — Fobel Intnl
Orbit
OILS (2)
Phoenix Oil & Gas N.I. — Strata Oil
MINES (5)
[illegible] — Indian Ocean Res.
St. Helena — (1983)
Eagle Corp. — North Kalgurli

## EUROPEAN OPTIONS EXCHANGE

| Series | Feb. Vol. | Feb. Last | May Vol. | May Last | Aug. Vol. | Aug. Last | Stock |
|---|---|---|---|---|---|---|---|
| GOLD C, GOLD P, SILVER C, SILVER P, $/FL C, $/FL P, $/DM P, ABN C, AEGN C, AEGN P, AH C, AKZO C, AKZO P, GIST C, GIST P, HEIN C, HEIN P, HOOG C, HOOG P, KLM C, KLM P, NEDL C, NEDL P, NATN C, NATN P, PETR C, PHIL C, PHIL P, RD C, RD P, UNIL C, UNIL P | [illegible] | | | | | | |

TOTAL VOLUME IN CONTRACTS: 10,001

A=Ask B=Bid C=Call P=Put

## LONDON TRADED OPTIONS

| Option | Calls Jan. | Calls Apr. | Calls Jly. | Puts Jan. | Puts Apr. | Puts Jly. |
|---|---|---|---|---|---|---|
| B.P. (*490) | [illegible] | | | | | |
| Cons. Gold (*487) | [illegible] | | | | | |
| Courtaulds (*110) | [illegible] | | | | | |
| Com. Union (*178) | [illegible] | | | | | |
| G.E.C. (*226) | [illegible] | | | | | |
| Grand Met. (*303) | [illegible] | | | | | |
| I.C.I. (*669) | [illegible] | | | | | |
| Land Sec. (*306) | [illegible] | | | | | |
| Marks & Sp. (*118) | [illegible] | | | | | |
| Shell Trans. (*648) | [illegible] | | | | | |
| Trafalgar Ho. (*332) | [illegible] | | | | | |

| Option | Calls Feb. | Calls May | Calls Aug. | Puts Feb. | Puts May | Puts Aug. |
|---|---|---|---|---|---|---|
| BAT Inds. (*316) | [illegible] | | | | | |
| Barclays (*548) | [illegible] | | | | | |
| Bt. Telecom (*97) | [illegible] | | | | | |
| Imperial Gp. (*175) | [illegible] | | | | | |
| LASMO (*333) | [illegible] | | | | | |
| Lonrho (*165) | [illegible] | | | | | |
| P. & O. (*303) | [illegible] | | | | | |
| Racal (*256) | [illegible] | | | | | |
| R.T.Z. (*604) | [illegible] | | | | | |
| Vaal Reefs (*$89) | [illegible] | | | | | |

| Option | Calls Dec. | Calls Mar. | Calls June | Puts Dec. | Puts Mar. | Puts June |
|---|---|---|---|---|---|---|
| Beecham (*375) | [illegible] | | | | | |
| Boots (*190) | [illegible] | | | | | |
| De Beers (*$4.43) | [illegible] | | | | | |
| Guest Keen (*183) | [illegible] | | | | | |
| Hanson (*289) | [illegible] | | | | | |
| Jaguar (*216) | [illegible] | | | | | |
| Tesco (*236) | [illegible] | | | | | |
| FT-SE Index (*1196) | [illegible] | | | | | |

Dec. 13. Total contracts 6,454. Calls 4,449. Puts 2,005.
* Underlying security price.

# FT LONDON SHARE INFORMATION SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1984 High | Low | Stock | Price £ | + or - | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 105⅛ | 100 | Treas. 15pc 1985 | 100 | -⅛ | 14.87 | 9.51 |
| 102⅝ | 100 | Exch. 12pc Cnv. '85 | 100 | ... | 11.95 | 9.77 |
| 97¼ | 93 | Treas 3pc 1985 | 97¼ | + | 3.08 | 9.64 |
| 102⅝ | 99½ | Treas 11½pc 1985 | 101 xd | + | 11.37 | 9.76 |
| 99¾ | 96 | Treas 8¾pcCnv '85 | 99 | ... | 8.82 | 9.87 |
| 104 | 99⅝ | Exch. 12¼pc 1985 | 102 | - | 12.00 | 9.84 |
| 103 | 99 | Exch. 11¼pc '86 | 101¾ | - | 11.54 | 10.03 |
| 102 | 96 | Treas. 10pcCnv 1986 | 99 | ... | 10.01 | 10.02 |
| 93 | 88¾ | Treas 3pc 1986 | 93⅛ | ... | 3.22 | 8.20 |
| 102 | 96¼ | Exch. 10½pc Cv '86 | 100 | | 10.45 | 10.17 |
| 104 | 99 | Treas 12pc 1986 | 102¼ | -⅛ | 11.73 | 10.36 |
| 98¼ | 93½ | Treas 8¾pc 1984-86‡‡ | 97 xd | - | 8.71 | 10.27 |
| 108 | 102 | Exch. 14pc 1986 | 105 | - | 13.23 | 10.46 |
| 89⅝ | 85 | Exch. 2½pc 1986 | 89 | ... | 2.81 | 8.79 |
| 107 | 100 | Exch. 13¼pc 1987 | 104 | ... | 12.64 | 10.58 |
| 100⅞ | 94½ | Treas 10¼pcCv '87 | 99 | -⅛ | 10.33 | 10.63 |
| 87¼ | 83⅛ | Exch 2½pc 1987 | 87⅝ | + | 2.82 | 8.80 |
| 101 | 94½ | Exch. 10½pc 1987 | 99 | - | 10.51 | 10.57 |
| 92¼ | 87 | Funding 6½pc '85-87‡‡ | 92¼ | - | 7.04 | 10.25 |
| 99⅝ | 92⅞ | Treas. 10pc 1987 | 98¾ | - | 10.12 | 10.59 |
| 86⅝ | 81 | Treas 3pc 1987 | 86½ xd | - | 3.47 | 9.05 |
| 105 | 97¼ | Treas. 12pc 1987 | 103¼ | - | 11.62 | 10.64 |
| 94⅞ | 87 | Treas 7¾pc 1985-88‡‡ | 93 | ... | 8.33 | 10.41 |
| 100¼ | 92 | Exch 10½pc '88 | 99⅝ | + | 10.53 | 10.64 |
| 98 | 89 | Treas 9¾pc Cv '88 | 97¼ xd | -⅛ | 10.05 | 10.76 |
| 82¼ | 77 | Transport 3pc '78-88 | 82¼ xd | +⅛ | 3.65 | 9.01 |
| 96 | 88 | Treas. 9½pc '88 | 95¼ | -⅛ | 9.92 | 10.86 |
| 106¼ | 98 | Treas 11½pc 1989 | 103 | -⅛ | 11.29 | 10.91 |
| 96 | 87 | Treas 9½pc Cnv. '89 | 95 | -⅛ | 9.91 | 10.72 |

[illegible]

### Five to Fifteen Years

[illegible]

### Over Fifteen Years

[illegible]

### Undated

[illegible]

### Index-Linked

[illegible]

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

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## CORPORATION LOANS

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## COMMONWEALTH AND AFRICAN LOANS

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## LOANS

### Building Societies

[illegible]

### Public Board and Ind.

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### Financial

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## FOREIGN BONDS & RAILS

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## AMERICANS

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## BANKS, HP AND LEASING

[illegible]

### Hire Purchase, Leasing, etc.

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## BEERS, WINES AND SPIRITS

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## BEERS, WINES—Cont.

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## BUILDING INDUSTRY, TIMBER AND ROADS

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## DRAPERY AND STORES

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## DRAPERY & STORES—Cont.

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## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC

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## HOTELS AND CATERERS

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## HOTELS—Continued

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## INDUSTRIALS (Miscel.)

[illegible]

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## INDUSTRIALS—Continued

## LEISURE—Continued

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

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## OVERSEAS TRADERS

## PLANTATIONS

### Rubbers, Palm Oil

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## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Finance

### Diamond and Platinum



## MINES—Continued

| 1984 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|

### Central African

| 1984 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 280 | 145 | Falcon Z50c | 260 | | Q100c | ♦ | 36.4 |
| 17 | 8 | Wankie Col. Z$1 | 13 | +1 | — | — | — |
| 21 | 14 | Zam.Cpr.SBD0.24 | 14¼ | | — | — | — |

### Australians

### Tins

### Miscellaneous

| 1984 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 75 | 31 | ♥Anglo Utd. Dev. | 32 | | | | |
| 410 | 210 | ♥Centennial Mar'k. | 360 | –27 | — | — | — |
| 175 | 80 | ♥Colby Res Corp | 80 | | — | — | — |
| 955 | 550 | Cons. Murch. 10c | 675 | | †Q100c | 1.4 | 6.5 |
| 36 | 25 | ♣Ennex Int. Ir10p | 31 | | — | — | — |
| 252 | 157 | Hampton Areas 10p | 163 | | 3.75 | 2.1 | 3.1 |
| 225 | 140 | ♥Highwood Res. | 170 | | — | — | — |
| £24½ | £16 | Homestake Mining $1 | £18¼ | +¼ | Q20c | — | 0.5 |
| 295 | 135 | ♥McFinley Red Lake | 260 | –5 | — | — | — |
| 240 | 101 | ♥Musto Explorations | 195 | +10 | — | — | — |
| 55 | 23 | ♥New Sabina Res C$1 | 27 | –2 | — | — | — |
| 365 | 220 | Northgate C$1 | 275 | –5 | — | — | — |
| 718 | 500 | RTZ | 602 | –3 | †18.0 | 2.7 | 4.3 |
| £156½ | £131½ | Do 9½pcLn '95-2000 | £133½ | –1 | Q9½% | 35.4 | 7.4 |
| £11¼ | 850 | ♥Tara Expln $1 | 875 | | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable, bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a).
- ♣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ▼ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. ǂǂ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| | | | | | |
|---|---|---|---|---|---|
| Albany Inv 20p | 90 | | Arnott | 150 | –1 |
| Craig & Rose £1 | £11 | | CPI Hldgs | 49xd | |
| Finlay Pkg 5p | 42 | | Carroll Inds. | 120 | |
| Higsons Brew | 83 | | Dublin Gas | 65 | |
| Holt (Jos) 25p | 890 | | Hall (R. & H.) | 42 | |
| IoM Stm. £1 | 185 | | Heiton Hldgs. | 15½ | |
| IRISH | | | Irish Ropes | 33 | |
| Exch. 12% 1985 | £98¼ | | Jacob (W.& R.) | 65 | |
| Nat. 9¾% 84/89 | £82⅝ | +⅛ | TMG | 67 | |
| Fin. 13% 97/02 | £86¼ | | Unidare | 80 | |

## OPTIONS — 3-month call rates

| Industrials | p | | p | | p |
|---|---|---|---|---|---|
| Allied-Lyons | 15 | Hanson Tst. | 22 | Vickers | 18 |
| BAT | 10 | Hawker Sidd | 38 | | |
| BOC Grp | 24 | Hse of Fraser | 28 | **Property** | |
| BSR | 15 | ICI | 50 | Brit Land | 14 |
| Babcock | 13 | "Imps" | 14 | Cap Counties | 18 |
| Barclays Bank | 42 | Jaguar | 18 | Land Secs | 24 |
| Beecham | 30 | Ladbroke | 20 | MEPC | 30 |
| Blue Circle | 46 | Legal & Gen | 42 | Peachey | 24 |
| Boots | 18 | Lex Service | 32 | Samuel Props | 14 |
| Bowaters | 16 | Lloyds Bank | 42 | Sterling Guar. | 5½ |
| Brit Aerospace | 34 | Lucas Inds | 24 | | |
| Brit. Telecom | 7½ | Marks & Spcr | 10 | **Oils** | |
| Brown (J.) | 3 | Midland Bk | 33 | Brist. Oil & Min | 4½ |
| Burton Ord | 32 | NEI | 9 | Brit Petroleum | 38 |
| Cadburys | 14 | Nat West Bk | 54 | Burmah Oil | 19 |
| Comm Union | 15 | P & O Dfd | 24 | Charterhall | 6 |
| Courtaulds | 11 | Plessey | 20 | Premier | 6 |
| Debenhams | 19 | Polly Peck | 10 | Shell | 55 |
| Distillers | 24 | Racal Elect | 24 | Tricentrol | 22 |
| Dunlop | 5 | RHM | 10 | Ultramar | 22 |
| FNFC | 7 | Rank Org Ord | 24 | | |
| Gen Accident | 42 | Reed Intnl | 50 | **Mines** | |
| Gen Electric | 20 | Sears | 7 | Charter Cons | 21 |
| Glaxo | 90 | TI | 18 | Cons Gold | 42 |
| Grand Met. | 26 | Tesco | 8 | Lonrho | 14 |
| GUS 'A' | 55 | Thorn EMI | 42 | Rio T Zinc | 68 |
| Guardian | 58 | Trust Houses | 12 | | |
| GKN | 16 | Turner Newall | 9 | | |
| | | Unilever | 80 | | |

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 33

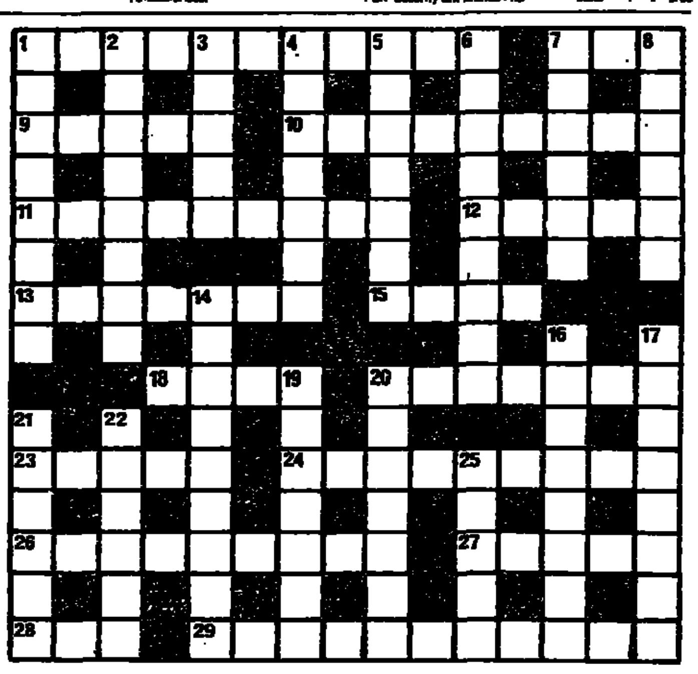
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

# AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

# INSURANCES

## F.T. CROSSWORD PUZZLE No. 5,595



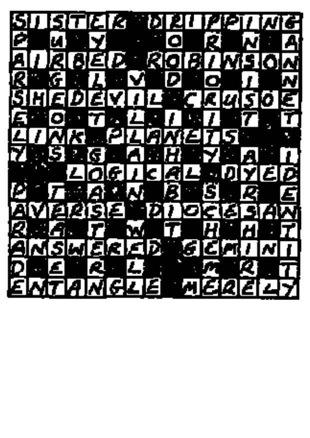
### ACROSS

1 Extremely jolly blue colour (11)
7 Doctor's bag? (3)
9 Jointure in which Owen dropped Glen (5)
10 Manifestly, he works around Hull (9)
11 No means of illumination for the slowcoach! (9)
12 Lake of high lustre (5)
13 Shows Venice is crumbling to the south (7)
15 Part of the Kalahari Desert having little or no rain? (4)
18 Pleasant drive — second to the flag (4)
20 Half the fare from Dublin, going by air? (7)
23 A cob that is in the Autumn Cup (5)
24 How to adapt machines to provide energy at the end (9)
26 Some hated demolishing the grange (9)
27 Fancy work out? (5)
28 Decline bunk (3)
29 Government wets in terms of arrangement (11)

### DOWN

1 Submerged position of cedilla, say? (8)
2 Shopping centre's trendy in Hove, for example (8)
3 Exciting time for exiled Anglophile? (5)
4 Chooses clues to arsenic (7)
5 Train i.e. off the rails in state of rest (7)
6 Wise Leeds characters, possibly, in high bloomers? (9)
7 Watches for helpful lads (6)
8 Breezy — with hail at end of January (6)
14 Tool made specifically for timber-yard manager? (6-3)
16 Remitted about ten cents in settlement (8)
17 He estimates rate of rough seas over Ross (8)
19 Book for anaesthetists? (7)
20 Pitch of the road (7)
21 Seal of the laundress? (6)
22 Farm to change general appearance (6)
25 Trade language does not open up — it is just gas! (5)

**Solution to Puzzle No. 5,594**



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# INSURANCE, OVERSEAS & MONEY FUNDS

## OFFSHORE AND OVERSEAS

**Midland Bank Tst Corp (Jersey) Ltd**
28-34, Hill St, St Helier, Jersey. 0534 36281
MdBkOsGt 105.7 106.1 −0.4 11.31
MdBkIntBd $1.08 1.07 .... 7.48

**Minerals Oils Res Shrs Fd Inc**
PO Box 194, St Helier, Jersey. 0534 27441
MoresDc13 $10.88 11.19 −0.19 3.77

**Samuel Montagu Ldn Agents**
114, Old Broad St, EC2 01-6263434
MtAmEq(Int) 97.8 102.6 .... 5.62
MtJapIncz) 69.7 73.3 +0.1 4.25
MtBrtIncz) 50.3 53.0 −0.1 10.13
MtStRsD12 £15.16 15.17 .... 9.17
MtInSDc12 $9.14 9.61 .... —
AplDc5 SF103.65 112.50 .... 1.23
JpN30 HK$43.08 46.62 .... 0.16
117GoN30 $17.43 18.75 .... 1.38
MFRNFD13 $10.18 10.20 +0.02 —
USFIFNv6 $11.22 11.62 .... —

**Murray Johnstone (Inv Adviser)**
163, Hope St, Glasgow, C2. 041-221 5521
HpeStD11 $66.02 10.70 .... —
MurFdD13 £18.52 19.72 .... —
PacFdDec12 $4.06 4.34 .... —

**NEL International Ltd**
PO Box 119, St Peter Port, Guernsey, CI.
SterlingDep 77.3 81.4 .... —
SterlFxdInt 89.00 93.7 .... —
SterlingMan 93.5 103.8 .... —
IntFxdMan 104.8 113.9 .... —
Int Man 104.2 113.2 .... —

**Nat Westminster Jersey Fd Mgrs Ltd**
23/25 Broad St, St Helier, Jersey. 0534 70041
HgInFd(a)(b) 54.8 57.0 .... 10.53
EqtyFd(a)(b) 101.6 108.0 .... 2.07
IndBdFd(a)* 77.0 80.0xd .... 6.92
*Sub day every Thurs.
County Bank Currency Fund (a)
Dollar Class $23.1209 .... —
Sterling Class £11.4548 .... —
D-Mark Cl DM53.5623 .... —
DutchGldrCl Dfl53.5203 .... —
Jap Yen Cl Y5,433.4709 .... —

**Negit SA**
10a Boulevard Royal, Luxembourg.
NAV $9.24 .... —

**Newport International Management**
Bank of Bermuda Bldg, Bermuda. 809 295 4003
Npt Int Sec $15.49 — .... —
Npt Int Inc $14.53 — .... —
NptPacific $11.97 — .... —

**Norcap Fund Managers (Bermuda) Ltd**
Bank of Bermuda Bldg, Bermuda. 809 295 4000
Amer Trust $7.94 8.25 .... —

**Normandy Trust Managers Ltd**
29, Athol St, Douglas, IoM. 0624 29696
Ndy Mt £0.9672 1.0182 .... 2.00
Ndy CT £1.2327 1.2877 .... 2.00
CbrCrG £0.7651 0.8054 .... 2.00

**Northgate Unit Tst Mngrs (Jersey) Ltd**
PO Box 82, St Helier, Jersey. 0534 73741
PacFdDc13 $11.31 12.18 −0.26 —

**Pacific Basin Fund**
10a, Boulevard Royal, Luxembourg.
NAV $15.65 −0.01 —
Inv. Adv., M & G Inv. Mngt. Ltd., London.

**Perpetual UT Mngrs (Jersey) Ltd**
PO Box 459, St Helier, Jersey. 0534 74517
OffshrGrw $1.12 1.191 .... —

**Phoenix International**
PO Box 77, St Peter Port, Guernsey. 0481 23539
IntDollarFd $4.03 4.35 .... —
Far East Fd $3.42 3.69 .... —
IntCuryFd $1.70 1.84 .... —
DlrFxdIntFd $4.15 4.47 .... —
StgExGtFd £2.57 2.78 .... —

**Providence Capital International Ltd**
PO Box 121, St Peter Port, Guernsey. 0481 26726/9
£UKFxdInt 165.5 178.0 +1.0 —
£UKStkMkt 170.9 183.8 +0.8 —
£atMdFd 148.5 159.8 −1.2 —

[illegible]

**World Wide Growth Management**
10a Boulevard Royal, Luxembourg.
Inv Adv, M & G Inv Mngt Ltd, London.
WwdGthFd $11.21 — −0.07 —

**Wren Commodity Management Ltd**
10 St George St, Douglas, IoM. 0624 25015
Wren ComFd 12.8 13.5 .... 3.10
Chinese Fd 59.9 62.4 .... 1.70
PrecMetFd 122.7 127.8 .... 8.30
VangCmdyFd 23.5 24.1 .... —
FinFuturesFd 32.4 33.8 .... —

**Yamaichi Dynamic Mngt Co SA**
10a Boulevard Royal, Luxembourg.
Dynamic Grw Fd $6.99 +0.23 —

## Money Market Trust Funds

| | Nom | Apr | Int Cr | Notice |
|---|---|---|---|---|
| **The Money Market Trust** | | | | |
| 63 Qn Victoria St, EC4B 4ST. 01-236 0952 | | | | |
| Call Fund | 9.33 | 9.57 | 6mth | Call |
| 7-day Fund | 9.49 | 9.74 | 6mth | 7-day |
| **Oppenheimer Money Management Ltd** | | | | |
| 66 Cannon St, EC4N 6AE. 01-236 1425 | | | | |
| Call Fund | 8.92 | 9.11 | 6mth | Call |
| 7-day Fund | 9.20 | 9.41 | 3mth | Call |
| MnyMgAc | 8.875 | 9.175 | 3mth | Call |
| Dollar | 7.62 | 7.76 | 6mth | 2-day |

## Money Market Bank Accounts

| | Nom | Apr | Int Cr | Notice |
|---|---|---|---|---|
| **Aitken Hume** | | | | |
| 30 City Road, EC1Y 2AY. 01-638 6070 | | | | |
| TreasuryAcc | 9.28 | 9.52 | Qtr | Call |
| Mth Int Chq | 9.49 | 9.73 | Mth | Call |
| **Bank of Scotland** | | | | |
| 38 Threadneedle St, EC2P 2EH. 01-628 8060 | | | | |
| Cheque Acc | 9.25 | 8.65 | Mth | Call |
| **Barclays Prime Account** | | | | |
| PO Box 125, Northampton. 0604 252891 | | | | |
| High Int Chq | 9.25 | 9.57 | Qtr | Call |
| **Britannia Grp of Investment Companies** | | | | |
| 29 Finsbury Circ, EC2M 5QL. 01-555 2777 | | | | |
| Cater Allen | 9.20 | 9.15 | Mth | Call |
| **Charterhouse Japhet plc** | | | | |
| 1 Paternoster Row, EC4M 7DH. 01-248 3999 | | | | |
| Sterling | 9.25 | 9.65 | Mth | Call |
| U.S. Dollar | 8.50 | 9.86 | Mth | Call |
| German Marks | 5.0 | 5.19 | Mth | Call |
| Swiss Franc | 2.0 | 2.05 | Mth | Call |
| Japanese Yen | 5.0 | 5.19 | Mth | Call |
| **Choulartons** | | | | |
| 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW. 061-829 9011 | | | | |
| Cheque Acc | 9.75 | 10.20 | Mth | Call |
| **Co-operative Bank** | | | | |
| 78-80 Cornhill, EC3. 01-626 6543 Ext 465 | | | | |
| Under£1,000 | 8.00 | 8.24 | Qtr | Call |
| Over£1,000 | 10.00 | 10.38 | Qtr | Call |
| **Dartington & Co Ltd** | | | | |
| Dartington, Totnes, Devon, TQ9 6JE. 0803 862271 | | | | |
| MnyMktAcc | 9.50 | 89.84 | Qtr | Call |
| **Henderson/Bank of Scotland** | | | | |
| 38 Threadneedle St, EC2. 01-628 8060. | | | | |
| MnyMtChqAc | 9.25 | 9.65 | Mth | Call |
| **Lombard North Central plc** | | | | |
| 17 Bruton St, W1A 3DH. 01-409 3434 | | | | |
| Notice Dep | 8.75 | 10.12 | Rate | 14-day |
| **M & G Kleinwort Benson** | | | | |
| 91-99 New London Rd, Chelmsford. 0245 51651 | | | | |
| HighIntChqAc | 9.30 | 9.74 | Daily | Call |
| **Midland Bank plc** | | | | |
| PO Box 2, Sheffield. 0742 20999 Ext 6738 | | | | |
| High Int Chq | 9.50 | 9.84 | Qtr | Call |
| **Save & Prosper/Robert Fleming** | | | | |
| 28 Western Rd, Romford, RM1 3LB. 0708 66966 | | | | |
| HighIntMktAc | 9.00 | 9.41 | Daily | Call |
| Premier Acc | 9.00 | 9.41 | Daily | Call |
| **Tyndall & Co** | | | | |
| 29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241 | | | | |
| Demand Acc | 9.30 | 9.62 | Qtr | Call |
| Money Acc | 9.375 | 9.71 | Qtr | Chq/7 |
| **J. Henry Schroder Wagg & Co Ltd** | | | | |
| Enterprise House, Portsmouth. 0705 827733 | | | | |
| Special Acc | 8.90 | 9.27 | Mth | Call |
| Over£10,000 | 9.15 | 9.54 | Mth | Call |

NOTES—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

**NOTES**

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase.

# COMMODITIES AND AGRICULTURE

## Norway and EEC fail to set herring quotas

By Fay Gjester in Oslo

TALKS between Norway and the EEC about sharing North Sea fishing quotas in 1985 ended yesterday without a deal on herring quotas, but amounts were agreed for all other important varieties.

The discussions, which started Wednesday, were the fifth in the present series. Norway's team called a halt yesterday morning because it believed the EEC delegation's negotiating mandate from the Council of Ministers was "too narrow" to permit a compromise.

The Norwegians were originally seking 40 per cent of the total quota, but i is understood that they would probably have been prepared to settle for just under 30 per cent.

The International Council for the Exploration of the Sea has recommended that the total North Sea herring catch next year should be between 160,000 and 250,000 tonnes.

Another atempt to share-out the 1985 herring quota will be made early next year. Meanwhile, the two parties may seek to regulate their own catches in the respective zones to prevent over-fishing.

Last year, they were also unable to agre about herring fishing this year has taken place without quotas being distributed.

The 1985 quotas set for other fish varieties were mostly slightly higher than this year's. However, Norway's share of the western mackeral quota was cut *from 29,000 tonens to 27,000* tonnes.

## Zinc output may beat record

WORLD mine zinc output this year could exceed the record level of 4.801m tonnes (zinc content) in 1982, the International Lead and Zinc Study Group said.

Its monthly report said production rose in the first 10 months of the year to 4.176m tonnes, 192,000 above the same 1983 period.

Reuter

WORLD AGRICULTURAL TRADE

## U.S. draws up tough new battle lines

BY JOHN EDWARDS AND ANDREW GOWERS

THE REAGAN Administration is throwing down the gauntlet to the European Community in the battle for world agricultural markets.

That became crystal clear yesterday at a briefing for journalists in London given by Mr John Block, U.S. Secretary of Agriculture, and Mr Daniel Amstutz, agriculture under-secretary for trade policy.

The U.S. Farm Bill, to be presented to Congress in early February, will pose as much of a threat to the EEC as a rival agricultural exporter as it will to the domestic industry in bringing radical changes.

It is a whole new approach; scrapping the government support programmes built up over the years and leaving the U.S. agricultural industry to fend for itself. As a result Mr Block claims the U.S. will play a "leadership role" in reversing the world trend of increasing protectionism for agriculture.

The *Farm Bill will contain* contingency provisions for the U.S. to defend itself, if necessary, against its farmers being shut out of potential markets, either by the use of subsidies, cheap credit, or "counter" measures.

Basically, however, the Reagan Administration believes that by freeing its farmers of all government restraints, market forces will create a more powerful U.S. agricultural industry able to compete anywhere in the world. This increased competition, it predicts, will in turn force other agricultural exporters including the EEC, to follow suit or pay the price.

Essentially, what the Reagan Administration is proposing is a trade-off for its farmers between lower price supports and the possibility of increased sales. "If we ask our farmers to take greater risks," said Mr Amstutz, "they deserve some assurance as to the marketability of their produce."

Mr Amstutz said they were "praying" that the present efforts in the Gatt (General Agreement on Tariffs and Trade) would be successful in *reducing* the current distortions in world agricultural trade; otherwise there would be "international anarchy." All existing trade restrictions were up for negotiation in Gatt.

However, the U.S. is not prepared to divide up world markets, and institutionalise trade in historic patterns, allegedly proposed by the Community, he added. It wants everyone to be able to compete on equal terms, so that the most efficient producers prosper most, including developing countries, who might be particularly good at supplying some agricultural products at the most competitive price.

Mr Amstutz acknowledged that continued conflict with the EEC over agricultural exports was inevitable.

Nevertheless he thought the Community would have to come into line eventually since lower world prices would increase the expenditure on agricultural subsidies paid by the EEC to an unacceptably high level.

"How high are you willing for Value-Added tax to go in the Community," Mr Amstutz asked.

Mr Block said it was no good *the U.S. and EEC jointly* wringing their hands about the worsening situation on world agricultural markets. Positive steps had to be taken.

The result of the U.S. initiative would mean more volatile markets and possibly lower prices in the short term while production adjusted to demand. In the end the EEC and the developing world would both benefit by reducing expenditure on surplus production.

"If you believe in your agriculture, you shouldn't be afraid to open up and compeet," he said.

The freedom to export without restrictions is crucial to the whole U.S. strategy since its agricultural industry now sells some 50 per cent of its total output overseas.

By removing government support programmes, the Reagan Administration hopes its farmers will be forced to adopt a more aggressive approach and fight harder for export markets, using the natural resources that make the U.S. the most powerful agricultural producer in the world.

It will be a hard struggle to persuade the U.S. domestic agricultural industry and Congress to swallow such stiff medicine. It will certainly not happen overnight: the Bill will propose phasing out the support measures over a period of five years.

Nevertheles, Mr Block made it plain that the Reagan Administration is determined to remove eventually all government interference in the agricultural industry; no more "set aside" or production control programmes; no more buying-up or storage of surplus produce; and a shift from direct government loans to only guaranteeing lending from banks.

The switch to a "market orientated" policy is in line with the general political philosophy of the Reagan Administration, especially just after a landslide election victory. However, a major incentive for driving unpopular measures through will be the desire to cut the federal budget deficit.

Mr Block said it was estimated that U.S. agricultural support would be reduced from $12bn (£10bn) to $2bn over the next five years. At the same time the new policy could be a cheaper way of dealing with the growing threat from the European Community than trying to continue matching subsidy for subsidy.

## S. Africa faces fourth maize crop failure

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA and its neighbours face their fourth successive maize crop failure, unless soaking rains fall in the growing areas within the next three weeks.

The National Maize Producers' Organisation (Nampo) is on the verge of declaring this season's maize crop a disaster unless all of South Africa's maize areas have two successive days in which between 7 and 10 cm of rain falls to water the newly-planted crop.

In 1981, South Africa reaped a record crop of 14m tonnes, compared with its normal production of between 8m and 9m tonnes. The harvest in 1984 was a mere 4m tonnes, which turned the country for the first time into a net importer of agricultural products as 4m tonnes of maize were imported, mainly from the U.S.

This year's crop is likely to be less than last year's said Doctor Piet Gouws, chairman of Nampo. He believes there is little chance of adequate rain falling to save this season's crop, particularly as the period from December 20 to January 20 is normally very dry and hot in the Highveld maize growing areas.

He adds that most of the country's so-called maize triangle is in bad shape, with strong winds creating dust bowl conditions. The situation is as bad or worse in neighbouring Zimbabwe, Mozambique and Botswana.

Maize is the staple food of most of the region's black population and, in South Africa, imports have led to considerable consumer resistance.

Maize millers have been obliged to mix imported yellow maize with domestic white maize meal in the proportion 3:1. Black consumers, who prefer white maize meal, have been reluctant to use the yellow coloured product which is all that is available.

According to Nampo, a crop failure could force South Africa to import about 5m tonnes of yellow maize in 1985. The rand's decline, Nampo believes, will be exacerbated by the need for maize imports and could result in imported maize prices rising to about R350 (£159) per tonne in inland markets with a consequent total import bill of R1.75bn.

The country's balance of payment current account, which moved back into the black in October, could again come under pressure and defer any soundly-based economic recovery.

## Analysts warn on farm land investment

BY RICHARD MOONEY

NOW IS not the time to invest in agricultural land, according to Agricultural Investment Services (AIS), a newly-formed research and advisory organisation aimed principally at institutional investors.

Short-term growth prospects are poor at the moment, while scope for increased rents is limited by the declining profitability, it says in its first bulletin.

It does not advise investors to sell existing holdings, however.

"AIS does not envisage a major collapse in the farm land market, only a downturn," the bulletin says, "so it is probably not justifiable to sell one's agricultural holdings."

AIS estimates hat investment yields on farm and range between 3 per cent a year for top grade arable farms to 5.5 per cent for some livestock farms, resulting in negative capital growth in real terms for most holdings for the next few months at least.

Rental growth meanwhile is expected to be *positive but* below the rate of inflation. Several factors contribute to this.

Most importantly farm support spending is being reduced, both by the EEC and by the British Government. Reduced research expenditure by the Government and the agricultural supply industry and increasing pressure for farmers to pay more attention to conservation will also have negative impact on profitability.

The AIS bulletin notes, moreover, that the Agricultural Holdings Act 1984 has increased the emphasis on earning capacity in determining farm rents.

● Top quality agricultural land is selling for near record prices in spite of EEC cuts hitting farm profitability, according to *a report published yesterday.*

Although the last six months have been relatively quiet, the average sale price of commercial farm land has been more than £2,100 an acre, with the best land reaching £3,000 and more, said land agents William Brown.

The poorest quality land has been attracting as little as £1,000 an acre and has been hard to sell, said the company.

Ministry of Agriculture figures published yesterday showed the average rent of English farm land rose from £79.57 to £85.78 per hectare in the year to October.

## Less Philippine sugar likely

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINES expects its sugar production to drop 21 per cent to 1.81m tonnes during the 1984-85 crop year which started last October. During the crop year 1983-84, total output was *2.3m tonnes.*

The Philippine Sugar Commission (Philsucom), the state supervisory body, blamed the decline on the halt of production by some planters and the shift to more profitable crops by others.

Philsucom said many planters in Negros Island, which produces more than 70 per cent of Philippine sugar exports, have shifted to other crops because of their failure to get sugar production loans.

The government has reduced the amount of financing to sugar planters this year. It has instead increased funding for maize and given more incentives to maize planters.

Industry officials said several producers in Negros stopped planting sugar following the *clousure of several mills.* An increasing number of bankrupt mills have unpaid obligations to the state-owned Philippine National Bank, the main source of sugar loans

Apart from financing difficulties, planters have also been hit by the continuing decline in prices of export sugar, and by the two typhoons that devastated sugar regions last October.

Philsucom predicts that the area planted to sugar will drop more than 5 per cent during thisthis crop year to about 382,000 hectares from 405,000 hectares last year.

## Wheat heads for record

BY RICHARD MOONEY

NEXT YEAR'S world wheat crop could establish another record, possibly over 515m tonnes, compared with this year's estimated 512m tonnes, the International Wheat Council said yesterday.

"There is still considerable scope for futher increases in output and there is every indication that many countries will intensify their efforts to maximise yields," the council said.

With about two-thirds of the 1985 crop area already planted it seemed unlikely that the total area would decline, the council said. In North America and the Soviet Union there were signs of growers switching from traditionally spring-sown areas to hardier, high-yielding autumn-sown varieties.

The IWC also noted evidence of increased use of fertiliser and other inputs, particularly in developing countries.

U.S. crop prospects depended largely on the degree of farmer participation in government area reduction programmes, the council said. But it added that, following the abandonment of the U.S. payment-in-kind programme, enrolment in remaining programmes would have to be considerably greater this year in order to restrict the total area to last year's level.

The report said there were indications that EEC farmers would plant at least as much wheat as last year in spite of reduced price supports.

## LONDON MARKETS

ALUMINIUM PRICES fell quite sharply on the London Metal Exchange yesterday in spite of sterling's weakness against the dollar. With long-liquidation meting little buying interest the market became nervous and the cash position ended the day £9 down at £928.50 a tonne.

The squeeze on availability of nearby supplies continued to push up the cash lead price which ended the day *£4.50 up at £353 a tonne.* This took the rise on the week to £12.50 and widened the cash premium over thtree months metal to £19.75 a tonne.

Sterling's weakness brought another sharp rise in the nickel price. The cash quotation closed at a record £4,172.50 a tonne, up £75 on the day.

### MAIN PRICE CHANGES

In tonnes unless otherwise stated

| | Dec. 13 1984 | + or — | Month ago |
|---|---|---|---|
| **METALS** | | | |
| Aluminium | £1100 | ......... | £1100 |
| Free Mkt. | $1170-1200 | | $1270/1300 |
| Copper | | | |
| Cash h Grade | £1108.75 | —1.75 | £1058 |
| 3 mths. | £1122.25 | —1.50 | £1083.25 |
| Gold troy oz. | $325.25 | +0.50 | $344 |
| Lead Cash | £353 | +4.5 | £349 |
| 3 mths. | £333.25 | —1.0 | £347.25 |
| Nickel | £5967 | ......... | £5967 |
| Free Mkt. | 222/252c | +1 | 212/252c |
| Palladium oz. | $136.25 | —1.00 | $147.50 |
| Platinum oz. | $312.00 | —1.25 | $331.50 |
| Quick Silver† | $300/310 | +2.80 | $300/310 |
| Silver troy oz. | 569.60p | —1.30 | 601.10p |
| 3 mths. | 582.05p | +2.55 | 615.05p |
| Tin cash | £9872.5 | +15.0 | £9647.5 |
| 3 mths. | £9838.5 | +16.0 | £9647.5 |
| Tungsten | $86.50 | +3.18 | $88.53 |
| Wolfram 22 04lb | $74/76 | —1.0 | $79/83 |
| Zinc | £675 | —3.75 | £623.75 |
| 3 mths | £669.25 | —1.25 | £623.75 |
| Producers | $900 | ......... | |

| | Dec. 13 1984 | + or — | Month ago |
|---|---|---|---|
| **OILS** | | | |
| Coconut (Phil) | $930x | —25 | $960 |
| Palm Malayan | $595v | +10 | $645 |
| **Seeds** | | | |
| Copra Phil | $550y | —20 | $600 |
| Soyabean (U.S.) | $245 | —2.75 | $258.5 |
| **GRAINS** | | | |
| Barley Fut. Mar | £113.05 | —0.10 | £109.60 |
| Maize | £145.50 | ......... | ‡ |
| Wheat Fut. Mar | £113.30 | —0.05 | £110.30 |
| No2 Hard Wint. | ‡ | ......... | ‡ |
| **OTHERS** | | | |
| Cocoa Ft. Mar. | £1841.5 | —4.0 | £1937 |
| Coffee Ft. Mar. | £2237.5 | +9.0 | £2379.5 |
| Cotton A index | 71.50c | —0.10 | ‡ |
| Gas Oil Jan. | $224.50 | —3.0 | $237.5 |
| Rubber (kilo) | 61.0p | —0.5 | 60p |
| Sugar (raw) | $105.5x | +2.50 | $116.5 |
| Woolt'ps 64s | 487p kilo | +5 | 470p |

‡ Unquoted. v-Jan. y-Jan-Feb. x Dec-Jan. w Nov-Dec. † Per 75-lb flask. n Nominal. c Cents per pound.

### INDICES

#### FINANCIAL TIMES

| Dec. 11 | Dec. 10 | M'th ago | Year ago |
|---|---|---|---|
| 289.49 | 286.54 | 294.90 | 295.13 |

(Base: July 1 1952 = 100)

#### REUTERS

| Dec. 13 | Dec. 12 | M'th ago | Year ago |
|---|---|---|---|
| 1894.5 | 1894.7 | 1868.9 | 1961.3 |

(Base: September 18 1931 = 100)

#### MOODY'S

| Dec. 6 | Dec. 5 | M'th ago | Year ago |
|---|---|---|---|
| 984.2 | 982.2 | 967.0 | 1034.8 |

(Base: December 31 1931 = 100)

#### DOW JONES

| Dow Jones | Dec. 6 | Dec. 5 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 125.3 | 124.67 | 125.84 | 137.74 |
| Fut | 116.44 | 126.36 | 128.88 | 144.8 |

(Base: December 31 1974 = 100)

### COPPER

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 1118.5-9 | -8.75 | 1108.5 9 | -1.75 |
| 3 months | 1123-.5 | -5.5 | 1122-.5 | -1.5 |
| Settlem't | 1109 | -7.0 | — | — |
| Cathodes | | — | — | — |
| Cash | 1118-.5 | -7.25 | 1117 9 | -3.5 |
| 3 months | 1130-1 | -5.5 | 1130 1 | -2.0 |
| Settlem't | 1118.5 | -8.5 | — | — |

### ALUMINIUM

| Alumin'm | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 928-.5 | -14.0 | 928 9 | -9.0 |
| 3 months | 947-.5 | -17.0 | 949-.5 | +9.5 |

### NICKEL

### LEAD

### TIN

### ZINC

### GOLD

### SILVER

Silver was fixed 2.9p an ounce higher for spot delivery in the London bullion market yesterday at 569.6p. U.S. cent *equivalents of the fixing levels were:* spot 682c, up 3.1c; three-month 696.2c, up 2.5c; six-month 714.5c, up 3.9c; and 12-month 750.5c, up 5.2c.

### GRAINS

Business done—Wheat: Jan 109.70-9.50, March 113.35-3.25, May 116.90-6.70, July 119.00-8.90, Sept untraded, *Nov 101.70 only. Sales: 328 lots of* 100 tonnes. Barley: Jan 110.10-9.95, March 113.25-2.95, May, Sept and Nov untraded. Sales: 350 lots of 100 tonnes.

### COCOA

### COFFEE

### POTATOES

### RUBBER

*PHYSICALS*—The London market opened unchanged, attracted little interest throughout the day and closed uncertain, reports Lewis and Peat. Closing prices (buyers): Spot 61.00p (same). Jan 71.50 (71.25p). Feb 72.00p (71.75p).

### OIL

### SOYABEAN MEAL

### SUGAR

### PIGMEAT

## U.S. MARKETS

Gold and silver values came under renewed selling pressure as fresh buying remained lacking due to the strength in the dollar and weak financial markets, reports Heinold Commodities. Copper came under pressure in response to expectations deliveries will pick up following the settlement of the strike in Peru. Sugar closed slightly on light speculative selling reflecting a lack of cash interest. Cocoa weakened on long liquidation as nearby tightness continued to ease. Profit-taking pressured coffee values on the belief a quota cut has been reflected in current market values. Cotton was featureless reflecting a lack of news. Heating oil traded modestly lower on the continued abundance of cash supplies.

### NEW YORK

### CHICAGO

## OTHER MARKETS

### WOOL FUTURES

### MEAT

### PARIS

### ROTTERDAM

### COTTON

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Pound weak on oil price fears

Sterling came under pressure in late currency trading yesterday, as fears of a possible reduction in oil prices undermined confidence. The pound had traded quietly and steadily for much of the day but selling developed later on, stemming mostly from the U.S. With the prospect of a higher dollar and the UK authorities' desire to push interest rates down, there appeared to be little incentive to retain sterling.

Against the dollar it fell to $1.1895-1.1905, a fall of 1 cent from Wednesday. It was also its worst closing level for nearly two months and was only 25 points above its worst ever closing level of $1.1875. It was also weaker against the D-mark at DM 3.6950 from DM 3.7000 and SwFr 3.0475 from SwFr 3.06. Against the French franc it slipped to FFr 11.32 from FFr 11.3550 and Y294.50 compared with Y296.50. Its Bank of England index slipped to 74.3 from 74.5 on Wednesday and 79.5 six months ago.

The dollar finished on a firm note, helped by higher than expected U.S. retail sales figures. The implications of a growing economy and inflationary implications were sufficient to boost sentiment. However, much of the dollar's strength came from a hard core of commercial orders as institutions sought to square their books ahead of the year end. Against the D-mark the dollar broke through and stayed above the DM 3.10 level to close at DM 3.1040 compared with DM 3.0960 previously. It was also higher against the Swiss franc at SwFr 2.5610 from SwFr 2.5530 and Y247.50 from Y247.25. Against the French franc it rose to FFr 9.5150 from FFr 9.4625. On Bank of England figures, its index rose from 142.8 to 143.1.

D-MARK—Trading range against the dollar in 1984 is 3.1410 to 2.5533. November average 2.9996. Trade weighted index 126.6 against 125.9 six months ago.

The dollar was fixed at DM 3.0890 at yesterday's fixing in Frankfurt, hardly changed from the previous fixing of DM3.0895, and the Bundesbank sold a token $6.7m at the fixing. There was no indication of any central bank intervention outside the fixing with trading volume falling away ahead of the year end. News of a lower West German money supply target range for 1985 failed to have any impact with Bundesbank president Karl Otto Poehl stressing that the lower target range did not necessarily imply a strickter monetary policy.

Elsewhere sterling slipped to DM 3.6960 from DM 3.6990 while the Swiss franc improved to DM 1.2109 from DM 1.2085½. Within the EMS the Belgian franc was marginally higher at DM 4.9720 per BFr 100 from DM 4.9710 but the French franc lost a little ground to DM 36.62 per FFr 100 from DM 32.63.

### STERLING EXCHANGE RATE INDEX
(Bank of England)

| | Dec 13 | Previous |
|---|---|---|
| 8.30 am | 74.4 | 74.5 |
| 9.00 am | 74.4 | 74.5 |
| 10.00 am | 74.4 | 74.4 |
| 11.00 am | 74.4 | 74.5 |
| Noon | 74.3 | 74.4 |
| 1.00 pm | 74.4 | 74.4 |
| 2.00 pm | 74.4 | 74.3 |
| 3.00 pm | 74.3 | 74.5 |
| 4.00 pm | 74.3 | 74.5 |

### £ in New York

| | December 13 | Prev. close |
|---|---|---|
| £ Spot | $1.1887-1.1897 | $1.1960-1.1970 |
| 1 month | 0.07-0.04pm | 0.08-0.05 pm |
| 3 months | 0.14-0.11 pm | 0.14-0.09pm |
| 12 months | 0.30-0.40 dis | 0.38-0.46 dis |

Forward premiums and discounts apply to the U.S. dollar.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu December 13 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.9008 | 44.8084 | +0.02 | +0.39 | ±1.5428 |
| Danish Krone | 8.14104 | 7.99283 | −1.82 | −1.45 | ±1.6421 |
| German D-Mark | 2.24184 | 2.23286 | −0.40 | −0.03 | ±1.1463 |
| French Franc | 6.87456 | 6.84387 | −0.45 | −0.08 | ±1.3659 |
| Dutch Guilder | 2.52595 | 2.51911 | −0.27 | +0.10 | ±1.5165 |
| Irish Punt | 0.72569 | 0.715827 | −1.36 | −0.99 | ±1.6671 |
| Italian Lira | 1403.49 | 1377.38 | −1.86 | −1.86 | ±4.0511 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### POUND SPOT—FORWARD AGAINST POUND

| Dec 13 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.1890-1.1985 | 1.1895-1.1905 | 0.05-0.02c pm | 0.55 | 0.18-0.13 pm | 0.52 |
| Canada | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nethlnd. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgium | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ireland | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| W. Ger. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Portugal | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spain | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Switz. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Belgian rate is for convertible francs. Financial franc 74.50-74.60. Six-month forward dollar 0.15-0.10c pm; 12-month 0.25-0.40c dis.

### DOLLAR SPOT—FORWARD AGAINST DOLLAR

| Dec 13 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.1890-1.1985 | 1.1895-1.1905 | 0.05-0.02c pm | 0.55 | 0.18-0.13 pm | 0.52 |
| Ireland† | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Canada | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nethlnd. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgium | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| W. Ger. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Portugal | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spain | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Switz. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.60-62.70.

### OTHER CURRENCIES

| Dec. 13 | £ | $ | | £ | Note Rates |
|---|---|---|---|---|---|
| Argentina Peso | [illegible] | [illegible] | Austria | [illegible] | [illegible] |
| Australia Dollar | [illegible] | [illegible] | Belgium | [illegible] | [illegible] |
| Brazil Cruzeiro | [illegible] | [illegible] | Denmark | [illegible] | [illegible] |
| Finland Markka | [illegible] | [illegible] | France | [illegible] | [illegible] |
| Greek Drachma | [illegible] | [illegible] | Germany | [illegible] | [illegible] |
| Hong Kong Dollar | [illegible] | [illegible] | Italy | [illegible] | [illegible] |
| Iran Rial | [illegible] | [illegible] | Japan | [illegible] | [illegible] |
| Kuwait Dinar (KD) | [illegible] | [illegible] | Netherlands | [illegible] | [illegible] |
| Luxembourg Fr. | [illegible] | [illegible] | Norway | [illegible] | [illegible] |
| Malaysia Dollar | [illegible] | [illegible] | Portugal | [illegible] | [illegible] |
| New Zealand Dlr. | [illegible] | [illegible] | Spain | [illegible] | [illegible] |
| Saudi Arab. Riyal | [illegible] | [illegible] | Sweden | [illegible] | [illegible] |
| Singapore Dollar | [illegible] | [illegible] | Switzerland | [illegible] | [illegible] |
| Sth African Rand | [illegible] | [illegible] | United States | [illegible] | [illegible] |
| U.A.E. Dirham | [illegible] | [illegible] | Yugoslavia | [illegible] | [illegible] |

* Selling rate.

### EXCHANGE CROSS RATES

| Dec. 13 | Pound St'rling | U.S. Dollar | Deutsche m'k | J'panese Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.190 | 3.695 | 294.5 | 11.32 | 3.048 | 4.165 | 2260. | 1.572 | 74.30 |
| U.S. Dollar | 0.840 | 1. | 3.104 | 247.5 | 9.515 | 2.561 | 3.494 | 1915. | 1.321 | 62.40 |
| Deutschemark | 0.271 | 0.322 | 1. | 79.70 | 3.064 | 0.825 | 1.127 | 614.1 | 0.425 | 20.11 |
| Japanese Yen 1,000 | 3.396 | 4.041 | 12.56 | 1000. | 38.44 | 10.35 | 14.14 | 7705. | 5.338 | 252.3 |
| French Franc 10 | 0.883 | 1.051 | 3.264 | 260.2 | 10. | 2.692 | 3.679 | 2004. | 1.389 | 65.64 |
| Swiss Franc | 0.328 | 0.390 | 1.212 | 96.64 | 3.715 | 1. | 1.367 | 744.5 | 0.516 | 24.38 |
| Dutch Guilder | 0.240 | 0.286 | 0.887 | 70.71 | 2.718 | 0.732 | 1. | 544.8 | 0.377 | 17.84 |
| Italian Lira 1,000 | 0.441 | 0.524 | 1.628 | 129.8 | 4.989 | 1.343 | 1.836 | 1000. | 0.693 | 32.75 |
| Canadian Dollar | 0.636 | 0.757 | 2.351 | 187.3 | 7.201 | 1.939 | 2.649 | 1443. | 1. | 47.26 |
| Belgian Franc 100 | 1.346 | 1.602 | 4.975 | 396.4 | 15.24 | 4.102 | 5.606 | 3054. | 2.116 | 100. |

### EURO-CURRENCY INTEREST RATES (Market closing rates)

| Dec. 13 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Krone |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short term | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 7 days' notice | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Asian $ (closing rates in Singapore): Short-term [illegible] per cent; seven days [illegible] per cent; one month [illegible] per cent; three months [illegible] per cent; six months [illegible] per cent; one year [illegible] per cent. Long-term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

### CURRENCY RATES

| Dec. 13 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | [illegible] | [illegible] |
| U.S. $ | [illegible] | [illegible] | [illegible] |
| Canadian $ | [illegible] | [illegible] | [illegible] |
| Austria Sch. | [illegible] | [illegible] | [illegible] |
| Belgian Fr. | [illegible] | [illegible] | [illegible] |
| Danish Kr. | [illegible] | [illegible] | [illegible] |
| Dmark | [illegible] | [illegible] | [illegible] |
| Guilder | [illegible] | [illegible] | [illegible] |
| French Fr. | [illegible] | [illegible] | [illegible] |
| Lira | [illegible] | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] | [illegible] |
| Norwgn Kr. | [illegible] | [illegible] | [illegible] |
| Span'h Ptas. | [illegible] | [illegible] | [illegible] |
| Swedish Kr. | [illegible] | [illegible] | [illegible] |
| Swiss Fr. | [illegible] | [illegible] | [illegible] |
| Greek Dr'ch | [illegible] | [illegible] | [illegible] |
| Irish Punt | [illegible] | [illegible] | [illegible] |

*CS/SDR rate for Dec 12: 1.30687.

### CURRENCY MOVEMENTS

| Dec. 13 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 74.3 | −16.0 |
| U.S. dollar | 143.1 | +29.5 |
| Canadian dollar | 90.3 | −5.4 |
| Austrian schilling | 110.6 | −3.7 |
| Belgian franc | 88.6 | −10.6 |
| Danish Kroner | 76.7 | −5.1 |
| Deutsche mark | 120.5 | +5.3 |
| Swiss franc | 139.7 | +9.4 |
| Guilder | 110.6 | +2.9 |
| French franc | 63.7 | −16.5 |
| Lira | 48.5 | −14.0 |
| Yen | 156.6 | +12.1 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

## FINANCIAL FUTURES

# Eurodollars fall

The Eurodollar contract fell sharply on the London International Financial Futures Exchange yesterday afternoon, following news of a rise of 1.8 per cent in U.S. November retail sales, against expectations of an increase in the region of 0.5 per cent. This indication of another rise in U.S. economic activity after a period of slower growth depressed markets in general, as it was feared the Federal Reserve will now be very reluctant to carry on easing its monetary stance.

The market began quite firm, with Eurodollars for March delivery opening at 90.25 on expectations of a very large fall in weekly M1 money supply. This was somewhat tempered by anticipation that the M2 and M3 figures would be less favourable however, and that M1 will resume its upward move next week.

After touching a high of 90.29 March Eurodollars closed at 90.13, compared with 90.20 previously.

The latest economic news from the U.S. also depressed long gift futures, while the weakness of sterling against the dollar added a touch of nervousness, particularly after the very disappointing UK money supply figures published on Tuesday. March gilts opened a little higher at 108-08, but closed at 107-20 against 108-04 on Wednesday.

March sterling deposists closed at the day's low of 90.22,

### LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 90.13 | 90.29 | 90.10 | 90.20 |
| June | 89.63 | 89.80 | 89.61 | 89.72 |
| Sept | 89.16 | 89.36 | 89.15 | 89.28 |
| Dec | 88.76 | 88.98 | 88.74 | 88.90 |
| March | 88.40 | — | — | 88.56 |

Estimated volume 3,276 (2,500)
Previous day's open int 8,958 (8,856)

THREE-MONTH STERLING
£250,000 points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 90.22 | 90.30 | 90.22 | 90.27 |
| June† | 90.04 | 90.11 | 90.02 | 90.13 |
| Sept† | 89.90 | 89.95 | 89.90 | 89.99 |
| Dec† | 89.70 | 89.75 | 89.70 | 89.79 |
| March† | 89.50 | 89.52 | 89.50 | 89.60 |

Estimated volume 301 (382)
Previous day's open int 4,737 (5,506)
† £500,000 points of 100%

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 108-12 | 109-00 | 108-12 | 108-29 |
| March | 107-20 | 108-11 | 107-18 | 108-04 |
| June | 107-07 | 107-26 | 107-07 | 107-21 |
| Sept | 110-11 | 110-30 | 110-11 | 110-19 |
| Dec | 110-04 | 110-23 | 110-04 | 110-22 |

Estimated volume 2,243 (2,290)
Previous day's open int 3,301 (3,383)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −2 to 5 (32nds)

STERLING £25,000 $ per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 1.1900 | 1.1970 | 1.1900 | 1.1975 |
| June | 1.1903 | — | — | 1.1982 |
| Sept | 1.1915 | — | — | 1.2000 |

Estimated volume 16 (9)
Previous day's open int 5,446 (5,447)

DEUTSCHE MARKS
DM 125,000 $ per DM

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 0.3249 | 0.3258 | 0.3249 | 0.3261 |

Estimated volume 2 (8)
Previous day's open int 168 (171)

SWISS FRANCS
SwFr 125,000 $ per SwFr

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 0.3948 | 0.3958 | 0.3948 | 0.3950 |

Estimated volume 5 (nil)
Previous day's open int 111 (111)

JAPANESE YEN
Y12.5m $ per Y100

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 0.4057 | — | — | 0.4073 |

Estimated volume 5 (2)
Previous day's open int 127 (127)

FT-SE 100 INDEX
£25 per full index point

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 119.40 | 119.70 | 119.30 | 119.10 |
| March | 119.65 | 119.95 | 119.50 | 119.15 |
| June | 119.90 | — | — | 119.50 |

Estimated volume 218 (276)
Previous day's open int 1,113 (1,096)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 71-20 | 72-08 | 71-20 | 72-03 |
| March | 70-26 | 71-20 | 70-25 | 71-11 |
| June | 70-05 | — | — | 70-22 |

Estimated volume 2,932 (925)
Previous day's open int 2,006 (1,865)

### CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 71-20 | 72-03 | 71-21 | 72-01 |
| March | 71-00 | 71-07 | 70-27 | 71-08 |
| June | 70-10 | 70-17 | 70-06 | 70-19 |
| Sept | 69-25 | 69-30 | 69-21 | 70-00 |
| Dec | 69-08 | 69-09 | 69-05 | 69-14 |
| March | 68-25 | 68-25 | 68-25 | 69-02 |
| June | 68-12 | 68-12 | 68-12 | 68-21 |
| Sept | — | — | — | 68-09 |
| Dec | — | — | — | 67-30 |
| March | — | — | — | 67-20 |
| June | — | — | — | 67-11 |

U.S. TREASURY BILLS (IMM)
$1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 91.73 | 91.75 | 91.67 | 91.71 |
| March | 91.37 | 91.45 | 91.32 | 91.33 |
| June | 90.91 | 90.97 | 90.89 | 90.92 |
| Sept | 90.49 | 90.53 | 90.49 | 90.51 |
| Dec | 90.13 | 90.18 | 90.13 | 90.16 |
| March | 89.84 | — | — | 89.85 |
| June | 89.58 | — | — | 89.59 |
| Sept | 89.34 | — | — | 89.35 |

CERT DEPOSIT (IMM)
$1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 91.09 | 91.11 | 91.03 | 91.08 |
| March | 90.51 | 90.59 | 90.49 | 90.54 |
| June | 89.98 | 90.02 | 89.95 | 90.04 |

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 90.71 | 90.75 | 90.68 | 90.71 |
| March | 90.11 | 90.29 | 90.10 | 90.19 |
| June | 89.61 | 89.67 | 89.59 | 89.67 |
| Sept | 89.16 | 89.19 | 89.13 | 89.21 |
| Dec | 88.75 | 88.79 | 88.74 | 88.81 |
| March | 88.40 | 88.40 | 88.40 | 88.44 |
| June | 88.10 | 88.10 | 88.10 | 88.15 |
| Sept | 87.81 | — | 87.81 | 87.86 |

STERLING (IMM) Se per £

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 1.19115 | 1.1975 | 1.1905 | 1.1970 |
| March | 1.11905 | 1.1960 | 1.1890 | 1.1960 |
| June | 1.11900 | 1.1955 | 1.1895 | 1.1975 |
| Sept | 1925 | — | 1.1925 | 1.1985 |
| Dec | — | — | — | 1.2005 |

GNMA (CBT)
8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 69-12 | 69-05 | 69-12 | 69-12 |
| March | 68-20 | 68-21 | 68-13 | 68-21 |
| June | 67-29 | — | — | 68-00 |
| Sept | — | — | — | 67-15 |
| Dec | — | — | — | 67-00 |
| March | — | — | — | 66-20 |
| June | — | — | — | 66-05 |

## MONEY MARKETS

# Slightly firmer tone in London

Interest rates had a slightly firmer tone in very quiet trading on the London money market yesterday. A larger than expected rise in U.S. November retail sales set the scene, in the absence of any other factors. This led to a weakening of sterling against the dollar, while the decline in U.S. bond prices on the news also created a reaction in London, and a firming of rates, particularly at the longer end of the market. Short term rates were generally easier as discount houses chose to sell bills to the authorities, rather than fund the daily shortage by borrowing.

**UK clearing banks' base lending rate 9½-9¾ per cent since November 23.**

Three-month interbank eased slightly to 9½ per cent from 9⅝ per cent, but nine month money rose to 10 per cent from 9⅞ per cent. Discount houses buying rates for three-month bank bills were unchanged at 9⅛ per cent.

The Bank of England forecast a money shortage of £550m and supplied total help of £576m. An early round of assistance was offered, and at that time the authorities bought £283m bills by way of £59m bank bills in band 1 (15-33 days) at 9⅝ per cent; £19m bank bills in band 3 (34-63 days) at 9½ per cent; £42m Treasury bills in band 4 (64-91 days) at 9⅜ per cent; and £163m bank bills in band 4 at 9⅜ per cent before lunch.

Another £256m bank bills were purchased outright in band 3 at 9⅜ per cent before lunch.

In the afternoon the Bank of England gave additional help by buying £27m local authority bills in band 3 at 9½ per cent. Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £231m; with the unwinding of repurchase agreements absorbing £516m, and a rise in the note circulation another £75m. These were partly offset by Exchequer transactions adding £225m to liquidity, and bank balances above target by £40m.

In Frankfurt the German Bundesbank left its credit policy unchanged at yesterday's council meeting. The discount rate remains at 4.5 per cent and the Lombard rate at 5.5 per cent. The central bank also called for tenders on 28-day repurchase agreements at a rate of 5.5 per cent. Funds will be available on Monday and expire on January 14. The move was regarded as a replacement for repurchase agreements of DM 9.0m which run out on Monday. At the council meeting the Bundesbank lowered its target range for money supply growth in 1985 to 3 per cent to 5 per cent from 4 per cent to 6 per cent.

### MONEY RATES

| Dec. 13 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo | Milan | Brussels | Dublin |
|---|---|---|---|---|---|---|---|---|
| Overnight | 5.40-5.50 | 10¼ | 1¾-1⅞ | 5¾-5⅞ | 6.46875 | 16½-17¼ | 7.75 | 14⅛-14¼ |
| One month | 5.55-5.60 | 10⅛-10⅜ | 5⅛-5¼ | 5⅝-5¾ | 6.53125 | 16½-17¼ | 10⅛-10⅜ | 14⅛-15 |
| Three months | 5.65-5.75 | 10⅛-10⅜ | — | 5⅞-6 | — | — | 10⅛-10⅜ | 14½-15 |
| Six months | 5.75-5.90 | 10⅜-10⅝ | 5-5⅛ | 5⅞-6 | 6.28125 | 16½-17¼ | 10⅛-10⅜ | 14½-15 |
| Lombard | 5.5 | — | — | — | — | — | — | — |
| Intervention | — | 10¼ | — | — | — | — | — | — |

### LONDON MONEY RATES

| Dec. 13 1984 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 3-10 | 9½ | 6-9¼ | 5-9¼ | — | — | — | — | — |
| 2 days notice | — | — | — | — | — | — | — | — | — | — |
| 7 days or | — | — | 9¼-9⅜ | — | — | — | — | — | — | — |
| 7 days notice | — | 9¼-9⅜ | — | 9⅜-9½ | 9¼-9⅜ | — | — | — | — | — |
| One month | 9⅜-9¼ | 9⅜-9½ | 9¼-9⅜ | 9⅝-9⅞ | 9¼-9⅜ | — | — | 9¼ | 9⅛ | 10 |
| Two months | 9⅜-9¼ | 9⅜-9½ | 9⅜ | 9⅝ | 9⅜ | 9⅛ | 9 | 9⅜ | 9¼ | 10 |
| Three months | 9⅜-9⅝ | 9½-9⅝ | 9½-9⅝ | 9¾ | 9½ | 9⅛ | 9 | 9⅜ | 9¼ | 10 |
| Six months | 9⅜-9⅝ | 9⅝-9¾ | 9⅝ | — | — | — | — | — | — | — |
| Nine months | 9⅝-9⅞ | 9⅞-10 | 9¾ | — | — | — | — | — | — | — |
| One year | 9⅝-9⅞ | 9⅞-10 | 9⅞ | — | — | — | — | — | — | — |

| | Local Auth. negotiable bonds | Local Authority Deposits | Finance House Deposits | $ Cert of Deposits | SDR Linked Deposits | ECU Linked Deposits |
|---|---|---|---|---|---|---|
| One month | 10¼-9⅞ | — | — | 8.75-8.65 | 8⅞-8⅝ | 9⅞-9⅝ |
| Two months | 10¼-9⅞ | — | — | 8.85-8.75 | 8⅞-8⅝ | 9⅞-9⅝ |
| Three months | 10½-9⅞ | — | 9¼ | 9.00-8.90 | 9-8¾ | 9⅞-9⅝ |
| Six months | 10⅛-9⅞ | — | 9½ | 9.25-9.15 | 9¼-9 | 9⅞-9⅝ |
| Nine months | 10⅛-9⅞ | — | — | 9.50-9.40 | — | 9⅞-9⅝ |
| One year | 10⅛-9⅞ | 10 | 9⅞ | 10.0-10.2 | 9⅞-9⅝ | 9⅞-9⅝ |
| Two years | — | 10¼ | — | — | — | — |
| Three years | — | 10½ | — | — | — | — |
| Four years | — | 10¾ | — | — | — | — |
| Five years | — | 11 | — | — | — | — |

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period November 7 to December 4 1984 (inclusive): 9.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from December 1 1984. London and Scottish Clearing Bank Rates for lending 9½-9¾ per cent. London Deposit Rates for sums at seven days' notice 6-6½ per cent. Treasury Bills: Average tender rates of discount 9.0894 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9¾ per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-nine months 9¾ per cent; nine-12 months 10 per cent. Under £100,000 9¾ per cent from November. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

### FT LONDON INTERBANK FIXING

(11.00 a.m. December 13)
3 months U.S. dollars

| bid 9 | offer 9 1/8 |
|---|---|

6 months U.S. dollars

| bid 9 1/2 | offer 9 5/8 |
|---|---|

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK (Lunchtime)**

| | |
|---|---|
| Prime rate | 11½-11¾ |
| Broker loan rate | 9¾-10¼ |
| Fed funds | 8⅝ |
| Fed funds at intervention | — |

**Treasury Bills**

| | |
|---|---|
| One month | 7.36 |
| Two month | 8.25 |
| Three month | 8.27 |
| Six month | 8.39 |
| One year | 8.70 |

**Treasury Bonds**

| | |
|---|---|
| Two year | 100⅝ |
| Three year | 100¼ |
| Four year | 100⅜ |
| Five year | 99⅞ |
| Seven year | 100⅜ |
| 10 year | 100 |
| 30 year | 101⅛ |



## Company Notices

**GOLD FIELDS OF SOUTH AFRICA LIMITED**
(Incorporated in the Republic of South Africa)

CONVERTIBLE REDEEMABLE CUMULATIVE PREFERENCE SHARES ("PREFERENCE SHARES")
DECLARATION OF DIVIDEND

Dividend (No. 1) of 145 cents per preference share for the six months ending 31 December 1984 has today been declared in South African currency, payable to preference shareholders registered in the books of the company at the close of business on 28 December 1984. Warrants will be posted to preference shareholders on or about 5 February 1985.

Non-resident shareholders' tax of 15% will be deducted where applicable.

The conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the company.

The register of members will be closed from 29 December 1984 to 4 January 1985 inclusive.

By order of the board,
D. C. DYKES,
Secretary.

75 Fox Street,
Johannesburg 2001.
13 December 1984.

PO Box 1167
Johannesburg 2000

## Legal Notices

**IN THE MATTER OF ORLAKE LIMITED AND IN THE MATTER OF THE COMPANIES ACT, 1948**

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 11th day of January 1985 being the day for that purpose fixed by R J Mackie and R D Aguttor of 1 Puddle Dock, Blackfriars, LONDON EC4V 3PD the Joint Liquidators of the said Company, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their solicitors, if any, to the undersigned at 1 Puddle Dock, Blackfriars, LONDON EC4V 3PD and, if so required by notice in writing from the said Liquidator, are by their solicitors to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED this 3rd Day of December 1984.

R J MACKIE (Chartered Accountant)
Joint Liquidator

# $ WORLD VALUE OF THE DOLLAR

**BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON**

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, December 12, 1984. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of December 12 at 11.00 a.m.
3 months: 9⅛ 6 months: 9⅜

ECU=$US.722853 SDR1=$US.989778
Sibor as of December 12 at 11.00 a.m.
3m onths: 9⅛ 6 months: 9⅜

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| [illegible] | [illegible] | [illegible] |

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (s) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Saudi Arabia: Sept 18, Riyal devalued to 3.56. (3) Poland: Zloty officially devalued Sept 1. (4) Costa Rica: Official devaluation effective Sept 3. (5) Chile: Sept 18, Official devaluation of 19 per cent. (6) Guyana: Oct 7, Official devaluation of approx. 9 per cent. (7) Norway: Sept 23, Krone devalued by 2 per cent. (8) Thailand: Nov 5, Official devaluation of approx. 14.8 per cent. (9) Jamaica: Nov 8, Rate adjustment fixed by Central Bank by weekly auction. (10) Iceland: Nov 19, Central Bank announced an average 12 per cent devaluation. (11) Somalia: 48 per cent devaluation effective Sept 15. (12) Bolivia: Unified exchange rate effective Nov 22. (13) Guatemala: Nov 23, Two-tier rate established. (14) Ghana: Dec 3 Cedi devalued from 38.5 to 50. For further information please contact your local branch of the Bank of America.

### D-MARK NEW ISSUE CALENDAR

| Date | Borrower | Amount DM (m) | Lead Manager |
|---|---|---|---|
| Dec 14 | ECSC | 100 | Dresdner Bank |
| Dec 18 | World Bank | 500 | Deutsche Bank |
| Jan 7 | Finland | 200 | Dresdner Bank |
| Jan 8 | City of Copenhagen | 150 | Deutsche Bank |
| Jan 9 | ECSC* | 100 | Commerzbank |
| Jan 10 | CEPME | 200 | Commerzbank |
| Jan 11 | Ireland | 200 | Commerzbank |
| Jan 14 | Thyssen Caribbean Fin.* | 150 | Dresdner Bank |
| Jan 15 | ITT Corp* | 100 | Deutsche Bank |
| Jan 16 | Genbel Investment Ltd | 100 | Dresdner Bank |
| Jan 17 | Public Power Corp of Greece | 150 | Dresdner Bank |
| Jan 18 | MEPC | 100 | WestLB |

*Private placement. Next committee meeting January 15.

### WEEKLY U.S. BOND YIELDS (%)

| | Dec 12 | Dec 5 | 1984 High | 1984 Low |
|---|---|---|---|---|
| Composite Corp. AA | 12.07 | 11.95 | 14.23 | 12.07 |
| Government: | | | | |
| Long-term | 11.46 | 11.49 | 13.69 | 11.44 |
| Intermediate | 11.52 | 11.47 | 13.79 | 11.33 |
| Short-term | 10.56 | 10.61 | 13.22 | 10.56 |
| Municipal | N/A | 10.08 | 11.14 | 9.48 |
| Industrials AAA | 11.64 | 11.52 | 13.66 | 11.63 |
| Industrials AA | 11.98 | 11.69 | 14.13 | 11.95 |
| Utilities AA | 12.17 | 12.01 | 14.45 | 12.17 |
| Preferred Stocks | 11.33 | 11.19 | 12.17 | 11.07 |

Source: Standard & Poor's





# INTERNATIONAL CAPITAL MARKETS

# Credit for Exports in $155m floater

By Maggie Urry in London

MORGAN GRENFELL'S $155m floating rate note issue was the main point of interest in the Eurodollar bond market yesterday. Syndicate managers quickly grasped the concept of the issuing company, Credit for Exports, having an Export Credit Guarantee Department guarantee on its loan to Brazil. That is almost as good as giving a British government guarantee on the FRN issue.

As such, the market was more than happy with the terms – an ⅛ per cent spread over the six-month London interbank offered rate (Libor) and front-end fees of 15 basis points, for the FRN's 5.3-year average life. The bonds were snapped up and were bid at par.

Otherwise the Eurodollar bond market was quiet, with prices better in the morning but hit by a weakening Wall Street in the afternoon.

New-issue activity was high in the other currency sectors, however. The French Crédit Foncier, which has a government guarantee, launched issues in sterling and guilders. Its £100m issue is a 15-year FRN lead managed by S. G. Warburg. It pays ⅛ per cent over three-month sterling Libor and total commissions of 30 basis points.

The Fl 200m has an eight-year average life and 1995 final maturity. It is a fixed-rate issue with a 7¾ per cent coupon and par price. Lead managed by ABN, the issue was well received trading around 99½.

Two issues appeared in the European currency unit market. The first, a FRN, came from Banco di Roma, lead managed by Mitsubishi Finance and has an initial size of Ecu 75m plus a Ecu 50m tap over the next year. The seven-year bonds pay ⅟₁₆ per cent over six-month Libor for Ecus, currently 9⅝ per cent, for the first three years and then pay ⅛ per cent over. Front-end fees are 24 basis points. Traders said the terms were too aggressive and were bidding the bonds outside total fees.

Société Générale de Banque is launching a Ecu 50m fixed-rate issue for Peugeot, the French motor group. The five-year issue is likely to have a 10¼ per cent coupon.

Nomura International launched a Euroyen issue for Denmark late in the day. The Y20bn issue has a seven-year life and pays a 6⅞ per cent coupon. The issue price is par.

The Inter-American Development Bank's £100m bulldog issue was comfortably oversubscribed, and applications have been scaled down. Those asking for up to £100,000 nominal receive their full application; up to £650,000 is scaled down to £100,000; and larger applications get 15 per cent of the amount asked for. Dealings start today.

The D-Mark new issue calendar was agreed yesterday and totals DM 2.05bn, running to January 18. Bankers do not expect any difficulty in absorbing this amount, which includes a DM 500m issue for the World Bank. Secondary D-Mark issues were unchanged on average in low turnover.

Swiss franc bonds were also little changed yesterday. The SwFr 60m issue for First Boston started trading and ended the day at 100¼ – its issue price – in active business.

SBC announced a SwFr 20m private placement for Ohto, the Japanese ball point pen and stationery company. The five-year issue has a 5⅝ per cent coupon and par issue price.

Indicated coupons for the Ishihara Sangyo Kaisha and the TEC Electronics convertibles were cut from 2½ per cent to 2 per cent.

The Euro-Norwegian krone issue for Eksportfinans has been increased to NKr 250m from NKr 200m, and the issue price has been set at 100¼. The coupon stays at 10⅛ per cent. The bonds are still trading well, at around 99⅞.

### BHF Bank bond average

| Dec 13 | | Previous |
|---|---|---|
| 102.860 | | 102.860 |
| High | 1984 | Low |
| 103.042 | | 98.056 |

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for December 13.

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Amev Credit 12⅞ 89 | 150 | [illegible] | [illegible] | [illegible] | [illegible] | 11.97 |
| Austria Rep 13⅛ 92 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 11.61 |
| Bank of Tokyo 13⅝ 91 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 11.95 |
| Caisse Nat Tele 13⅜ 91 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 12.12 |
| Canadian Pac 12½ 99 | 75 | [illegible] | [illegible] | [illegible] | [illegible] | 12.15 |
| Chevron U.S.A. 12¼ 89 | 600 | [illegible] | [illegible] | [illegible] | [illegible] | 11.90 |
| Creditanstalt 13⅛ 91 | 100 | 103⅜ | 104⅛ | −0⅛ | −0⅛ | 12.18 |
| Denmark Kingdom 13 91 | 100 | 103⅜ | 104⅛ | +0⅛ | −0⅛ | 12.86 |
| Denmark Kingdom 13⅜ 91 | 100 | 104⅝ | 104⅞ | +0⅜ | −0⅛ | 12.24 |
| Denmark 13⅞ 88 XW | 100 | 105¼ | 105¾ | −0⅛ | −0¼ | 11.88 |
| Denmark Kingdom 14 91 | 100 | 106⅛ | 106⅝ | +0⅛ | +0⅛ | 12.46 |
| E.I.B. 12½ 90 | 100 | 102¾ | 103¼ | −0⅛ | −0⅛ | 11.67 |
| E I B 12⅞ 94 | 100 | 104⅛ | 104⅝ | −0⅛ | −0⅜ | 12.04 |
| E.I.B. 13 95 | 200 | 103¼ | 103¾ | −0⅛ | −1 | 12.39 |
| Ex-Im Bk Japan 13¼ 91 | 75 | 110⅞ | 111⅜ | +0⅛ | +1 | 10.75 |
| Export Dev Corp 12 89 | 100 | 101⅝ | 102⅛ | 0 | +0⅛ | 11.48 |
| Exxon Capital Corp 0 2004 | 1800 | 12½ | 12¾ | +0⅛ | +0¼ | 11.11 |
| Florida Fed Sav 12¾ 89 | 100 | 102 | 102½ | −0⅛ | −0⅛ | 11.65 |
| IBM Credit Corp 11¾ 87 | 200 | 102¼ | 102¾ | −0⅛ | −0⅜ | 10.63 |
| Indust Bk Japan 12⅞ 89 | 100 | 103½ | 104 | −0⅛ | −0⅜ | 11.78 |
| Indust Bk Japan 13⅛ 91 | 125 | 109 | 109½ | −0⅛ | −0⅛ | 11.73 |
| Int-Am Dev Bk 12¾ 91 | 150 | 102⅜ | 102⅞ | +0⅛ | +0⅛ | 12.15 |
| Japan Air Lines 12½ 94 | 70 | 105⅛ | 105⅝ | 0 | −0⅜ | 11.83 |
| Japan Air Lines 13⅛ 94 | 100 | 109⅛ | 109⅝ | −0⅛ | −0⅛ | 11.67 |
| L.T.C.B. 12⅞ 91 | 100 | 103½ | 104 | 0 | −0⅛ | 12.03 |
| Mellon Bank 13 87 | 100 | 102⅛ | 102⅝ | −0⅛ | −0⅛ | 11.81 |
| Merrill Lynch 12¾ 89 | 100 | 101⅛ | 101⅝ | +0⅛ | −0⅛ | 12.32 |
| Minnesota 11½ 87 | 100 | 100⅜ | 100⅞ | 0 | −0⅛ | 11.20 |
| Mitsubishi Corp 13⅛ 89 | 100 | 106⅛ | 106⅝ | −0⅛ | +0⅛ | 11.36 |
| Montagu 13⅛ 91 | 100 | 104⅛ | 104⅝ | −0½ | −0½ | 12.22 |
| Montreal, City 12½ 91 | 70 | 101½ | 102 | +0⅛ | 0 | 12.05 |
| Morgan Guaranty 12¼ 89 | 150 | 101 | 101½ | 0 | +0⅛ | 11.82 |
| Morgan Guaranty 12⅜ 89 | 150 | 101⅜ | 101⅞ | +0⅛ | 0 | 11.80 |
| Newfoundland Prov 13 91 | 75 | †104 | 106 | 0 | 0 | 11.80 |
| Nippon Cred Bk 13⅛ 89 | 100 | 105⅝ | 106⅛ | +0⅛ | 0 | 12.07 |
| Nippon Tele 11¾ 90 | 100 | 102 | 102½ | 0 | −0½ | 10.76 |
| Nova Scotia Pro 11¼ 91 | 100 | 98½ | 99 | 0 | −0⅜ | 12.03 |
| Nth America 12⅞ 91 | 100 | 102⅝ | 103⅛ | +0⅛ | +0⅛ | 12.15 |
| Penney J.C. 12⅜ 91 | 100 | 102⅝ | 103⅛ | −0⅛ | −0⅛ | 12.08 |
| Quebec Hydro 11½ 92 | 100 | †101 | 101½ | 0 | +0⅛ | 11.25 |
| Quebec Province 12¼ 94 | 150 | 100½ | 101 | −0⅛ | −0½ | 12.08 |
| Ralston Purina 12⅜ 89 | 100 | 103⅛ | 103⅝ | 0 | 0 | 11.73 |
| Royal Bk of Can 11½ 89 | 100 | 98½ | 99 | 0 | +0⅛ | 11.87 |
| Saskatchewan 11 7/8 89 | 100 | 100⅝ | 101⅛ | 0 | +0½ | 11.50 |
| Sears O/S Fin 11⅝ 91 | 150 | 99⅞ | 100⅜ | +0⅛ | −0⅛ | 11.56 |
| Sec Pac O/S Fin 12 92 | 100 | 98⅞ | 99⅜ | 0 | −0⅜ | 12.16 |
| Statoil 12 88 | 100 | 101⅝ | 102⅛ | −0⅛ | −0⅛ | 11.24 |
| Statoil 13½ 89 | 100 | 107⅛ | 107⅝ | 0 | −0⅛ | 11.28 |
| Sumitomo Fin 12¾ 91 | 150 | 102¼ | 102¾ | 0 | −0½ | 12.12 |
| Sweden Kingdom 12⅜ 89 | 200 | 102⅛ | 102⅝ | −0⅛ | −0⅜ | 11.60 |
| Texaco Capital 12⅞ 87 | 300 | 102¾ | 103¼ | +0⅛ | +0⅛ | 11.40 |
| Texaco Capital 13½ 89 | 200 | 105⅝ | 106⅛ | +0⅛ | +0⅜ | 11.73 |
| Tokyo Met 12⅞ 94 | 50 | †105⅜ | 105⅞ | 0 | −0⅜ | 11.83 |
| Toronto Dom Bk 12½ 88 | 100 | 101⅞ | 102⅜ | +0⅛ | 0 | 11.71 |
| Walt Disney Pro 12½ 87 | 150 | 102⅛ | 102⅝ | 0 | −0⅛ | 11.42 |
| Weyerhaeuser 12¼ 87 | 150 | 101 | 101½ | 0 | −0⅛ | 11.87 |
| World Bank 12¼ 94 | 150 | 101½ | 102 | +0⅛ | +0⅛ | 11.93 |
| World Bank 12⅞ 94 | 200 | 104 | 104½ | −0⅛ | −0⅜ | 12.06 |
| Yasuda Tst&Fin 12⅞ 89 | 100 | 100½ | 101 | +0⅛ | −0½ | 12.89 |
| Average price change On day 0 on week −0⅛ | | | | | | |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Allied Chemical 7½ 94 | 125 | 101½ | 102⅛ | −0⅛ | −0⅛ | 7.21 |
| Amca Int'l 8¼ 91 | 100 | 104½ | 105¼ | +1⅛ | +1⅜ | 7.34 |
| Asian Dev Bank 8 94 | 200 | 103 | 103¾ | +0⅛ | +0⅜ | 7.40 |
| Austria, Republic 7⅝ 94 | 200 | 102⅝ | 103⅜ | +0⅛ | +0⅛ | 7.16 |
| Baxter Travenol 7¼ 94 | 200 | 100⅜ | 101⅛ | +0½ | +0½ | 7.13 |
| Credit National 8⅛ 94 | 200 | 103⅝ | 104⅜ | +0⅛ | 0 | 7.50 |
| Degussa Int Fin 7½ 94 | 100 | 104 | 104⅜ | 0 | −0⅜ | 6.84 |
| E.E.C. 8 92 | 200 | 103½ | 104¼ | −0⅛ | −0⅛ | 7.28 |
| E I B 8 91 | 250 | 104½ | 105¼ | +1⅛ | +0⅛ | 7.00 |
| Escom 8 92 | 150 | 100 | 100⅜ | −0⅜ | −0½ | 7.92 |
| Ferrovie Dello Stato 8 91 | 100 | 101⅞ | 102⅝ | +0⅛ | 0 | 7.53 |
| Finland Rep 7½ 91 | 150 | 101⅞ | 102⅝ | +0⅛ | +0⅛ | 7.15 |
| Gould Int Fin 7⅝ 91 | 100 | 101⅛ | 101⅞ | 0 | 0 | 7.31 |
| Int Standard Ele 7⅛ 90 | 100 | 102⅝ | 103⅛ | +0⅛ | 0 | 6.80 |
| Ireland 8½ 92 | 150 | 102¾ | 103⅛ | +0⅛ | 0 | 7.61 |
| Japan Fin Corp 7⅝ 91 | 100 | 102¾ | 103½ | −0⅛ | 0 | 7.07 |
| Megal Fin 8¼ 94 | 150 | 102⅝ | 103⅛ | −0⅛ | −0⅛ | 7.81 |
| Mitsubishi Hvy 3½ 89WW | 300 | 103 | 103⅜ | −0⅛ | −0⅜ | 2.86 |
| Mitsubishi Hvy 3½ 89XW | 300 | 90 | 90⅜ | −0⅛ | −0½ | 6.11 |
| O.K.B. 7½ 88 | 100 | 100⅛ | 100⅞ | 0 | 0 | 7.35 |
| Pepsico O/S Fin 7¼ 94 | 250 | 102⅜ | 103½ | +0⅛ | +0⅛ | 6.78 |
| Reynolds O/S Fin 7⅜ 94 | 125 | 101⅜ | 102½ | 0 | −0⅛ | 7.17 |
| Societe Cent Nuclear 8 91 | 100 | 102⅞ | 103⅜ | +0⅛ | 0 | 7.34 |
| Sth Africa Rep 8½ 91 | 200 | 103 | 103¾ | −0⅛ | −0⅛ | 7.85 |
| World Bank 7¾ 89 | 100 | 100⅜ | 101½ | 0 | 0 | 7.42 |
| World Bank 8 94 | 200 | 104⅜ | 105½ | 0 | +0⅛ | 7.27 |
| Average price change On day +0⅛ on week +0⅛ | | | | | | |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev Bank 6⅛ 86 | 100 | †103 | 103¼ | 0 | −0⅛ | 5.75 |
| Asian Dev Bank 6¼ 94 | 100 | †103 | 103¼ | 0 | +1½ | 5.91 |
| Consol Foods 5¾ 94 | 200 | †103⅜ | 104 | +0½ | +0⅛ | 5.21 |
| Credit Foncier 6 94 | 120 | *†101 | 101¼ | 0 | −0½ | 5.84 |
| E I B. 5⅞ 94 | 120 | †101¼ | 101½ | +1½ | +1⅛ | 5.60 |
| Electric Power 5⅜ 94 | 100 | †101⅜ | 102 | 0 | +0⅛ | 5.48 |
| Euratom 6⅛ 94 | 90 | †101½ | 101¾ | −0⅜ | −1 | 6.02 |
| Eurofima 5⅛ 96 | 100 | †100½ | 100⅝ | −0⅛ | −0⅛ | 5.10 |
| FGN 5⅜ 92 | 110 | †99 | 99¼ | 0 | +0½ | 5.80 |
| G.O.Int 6¾ 92 | 70 | †99⅜ | 100 | −0⅛ | −2⅛ | 6.75 |
| Int-Am Dev Bk 6⅛ 94 | 120 | †102½ | 102¾ | +0⅛ | +1 | 5.88 |
| Japan Fin Corp 5⅜ 92 | 100 | †99¼ | 99½ | 0 | 0 | 6.72 |
| Japan Highway 5⅜ 92 | 150 | †98¾ | 99 | 0 | −0⅛ | 5.56 |
| Kansai Ele Power 6⅛ 92 | 100 | †102⅜ | 103 | −0½ | −0½ | 5.64 |
| Manitoba Prov 5¼ 94 | 100 | †103⅛ | 103½ | 0 | −0⅜ | 5.20 |
| New Brunswick 5⅝ 94 | 100 | †101⅜ | 102 | 0 | +0⅛ | 5.36 |
| New Zealand Govt 5¾ 94 | 150 | †99½ | 99¾ | −0¼ | 0 | 5.80 |
| Quebec-Hydro 5⅞ 94 | 150 | †103¼ | 103½ | 0 | +0¼ | 5.41 |
| Santos Finance Ltd 6 94 | 130 | †101½ | 101¾ | 0 | 0 | 5.78 |
| Shikoku Elec Pwr 5⅞ 92 | 100 | *†101 | 101¼ | −0⅜ | −0⅛ | 5.69 |
| State Bk N.S.W. 5¾ 94 | 100 | †101 | 101¼ | +0⅛ | +0⅛ | 5.59 |
| Statsforetag 6 92 | 75 | †101⅜ | 102 | +0⅛ | +0½ | 5.68 |
| Total 5⅞ 94 | 80 | *†101 | 101¼ | −0½ | −0⅛ | 5.72 |
| Wang Lab 4⅞ 89 | 200 | †104½ | 104¾ | +0⅛ | 0 | 4.32 |
| World Bank 6⅛ 94 | 200 | †103 | 103¼ | −0½ | −0⅛ | 5.89 |
| Average price change On day 0 on week 0 | | | | | | |

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev Bk 7⅜ 94 | 15 | 100⅛ | 100⅝ | −0⅛ | −0⅛ | 7.29 |
| Eurofima 7⅜ 94 | 10 | 101⅛ | 101⅝ | 0 | 0 | 7.14 |
| Int-Am Dev Bk 7½ 94 | 15 | 101 | 101½ | −0⅛ | −0⅜ | 7.31 |
| New Zealand 7⅛ 90 | 15 | 100⅛ | 101⅛ | −0⅛ | −0⅛ | 6.87 |
| World Bank 7 94 | 20 | 99½ | 100 | −0⅛ | −0⅛ | 7.03 |
| Average price change On day −0⅛ on week −0⅛ | | | | | | |

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Chrysler Credit 14 87 C$ | 50 | †103⅜ | 104 | +0⅛ | 0 | 13.12 |
| Denmark Kingdom 13 88 C$ | 100 | †101⅜ | 102¼ | 0 | +0⅛ | 12.39 |
| Fed Business 12½ 87 C$ | 50 | †101⅜ | 101⅞ | −0⅛ | −0⅛ | 11.73 |
| Manitoba 13¼ 94 C$ | 30 | †102⅜ | 103⅛ | +0⅛ | 0 | 12.80 |
| Metro Toronto 13 94 C$ | 50 | †105⅜ | 105⅞ | 0 | 0 | 12.01 |
| Triton Corp 13 89 C$ | 50 | †100⅝ | 101⅜ | −0⅛ | +0⅛ | 12.65 |
| Vienna City 13½ 94 C$ | 42 | †104⅝ | 105⅜ | 0 | 0 | 12.30 |
| Winnipeg City 12⅝ 91 C$ | 50 | †102⅛ | 102⅝ | 0 | −0⅜ | 12.18 |
| World Bank 12⅝ 97 C$ | 75 | †103⅜ | 104⅛ | 0 | 0 | 11.94 |
| E.I.B. 10⅜ 90 ECU | 50 | 104 | 104⅝ | +0⅛ | +1⅛ | 9.72 |
| E.I.B. 11¼ 94 ECU | 50 | 106¼ | 107 | +0⅛ | +0½ | 10.14 |
| I.I.I 11 88 ECU | 80 | 104 | 104⅝ | +0½ | +1⅛ | 9.70 |
| Aegon 8½ 89 FL | 100 | 103⅜ | 104⅛ | −0⅛ | −0⅛ | 7.17 |
| Algemene Bk 7¾ 89 FL | 150 | 103 | 103½ | +0⅛ | +0½ | 6.84 |
| Bn-scht 8½ 89 FL | 50 | 102 | 102½ | +0⅛ | +0⅛ | 7.88 |
| Friesch-Gron 8¼ 89 FL | 50 | 101½ | 102⅛ | −0⅛ | 0 | 7.70 |
| New Zealand 8¼ 89 FL | 100 | 103⅜ | 104⅛ | −0⅛ | −0⅛ | 7.15 |
| Charbonnages 13⅛ 85 FF | 400 | 101⅞ | 102⅜ | 0 | −0⅛ | 11.29 |
| Air Canada 11¼ 94 £ | 40 | 101⅛ | 101⅝ | 0 | −0⅛ | 10.90 |
| Conf Europe 11⅜ 92 £ | 50 | 100⅛ | 100⅝ | 0 | −0⅛ | 11.25 |
| Denmark 10⅛ 88 £ | 75 | 97⅞ | 98⅜ | 0 | −0⅛ | 11.29 |
| Denmark 11⅞ 94 £ | 75 | 101⅜ | 102⅛ | +0⅛ | +0⅛ | 11.50 |
| E.E.C. 11¼ 94 £ | 50 | 101 | 101½ | −0⅛ | −0⅛ | 11.10 |
| E.I.B. 10¾ 92 £ | 50 | 97 | 97½ | +0⅛ | 0 | 11.31 |
| ICI Finance 8½ 99 £ | 100 | 102⅜ | 102⅞ | 0 | 0 | 8.21 |
| Ireland 11⅛ 94 £ | 60 | 97⅞ | 98⅜ | +0⅛ | −0⅛ | 11.69 |
| New Zealand 10⅛ 88 £ | 100 | 97⅛ | 97⅝ | 0 | −0⅛ | 11.30 |
| O.K.B 12⅛ 91 £ | 30 | 104⅛ | 104⅝ | 0 | +0¼ | 11.23 |
| Royal Trustco 12⅛ 89 £ | 30 | 103⅛ | 103⅝ | −0⅛ | +0⅛ | 11.19 |
| SNCF 11⅛ 94 £ | 80 | 99⅜ | 99⅞ | −0⅛ | −0⅛ | 11.29 |
| Sth Africa Rep 12½ 89£ | 40 | †101 | 101½ | 0 | +0⅛ | 12.08 |
| United Tech 11⅛ 85 £ | 35 | 100⅜ | 100⅞ | 0 | −0⅛ | 10.58 |
| World Bank 10⅝ 89 £ | 100 | 97⅛ | 98⅛ | 0 | −0½ | 11.15 |
| E.C.S.C. 10½ 94LF | 100 | 102⅞ | 103⅜ | +0⅛ | +1⅛ | 9.92 |
| Nat Lux Alum 10½ 92 LF | 600 | 102⅜ | 103⅜ | +0⅛ | +0⅛ | 9.86 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| B.B.L. Int 5 99 | 0⅛ | 100 | 100⅛ | 11/4 | 11.69 | 11.67 |
| BankAmerica O/S 5⅛ 96 | 0⅛ | 100 | 100⅜ | 28/12 | 11⅝ | 11.60 |
| Bank of Montreal 5 99 | 0⅛ | 100½ | 100⅝ | 28/3 | 10⅛ | 10.22 |
| Bankers Trust 5⅛ 96 | 0⅛ | 100 | 100⅛ | 13/2 | 8½ | 8.66 |
| Barclays O/S Inv 5 2004 | 0⅛ | 100 | 100⅛ | 2/3 | 12.31 | 12.30 |
| Belgium 5 2004 | 0⅛ | 99½ | 100 | 11/4 | 13⅛ | 13.16 |
| B.F.C.E. 5⅛ 98 | 0⅛ | 100⅛ | 100⅜ | 13/3 | 12.19 | 12.13 |
| B.N.P. 5⅛ 96 (Ady) | 0⅛ | 100⅜ | 100⅝ | 21/1 | 12.94 | 12.87 |
| Chase Man'tn 5⅛ 2009 | 0⅛ | 99½ | 99⅝ | 5/3 | 9.50 | 9.60 |
| Citicorp O/S 5¼ 98 Sep | 0⅛ | 95⅝ | 99⅜ | 10/12 | 11.19 | 11.24 |
| Credit Lyonnais 5¼ 96 | 0⅛ | 100⅛ | 100⅜ | 11/4 | 11⅛ | 11.60 |
| Dai-Ichi Kangyo 5¼ 96 | 0⅛ | 100 | 100⅛ | 13/6 | 10.00 | 10.04 |
| Dresdner Fin 5⅛ 89 | 0 | 99⅛ | 100 | 23/2 | 9.81 | 9.82 |
| E.D.F. 5¼ 98 | 0⅛ | 100⅛ | 100⅜ | 23/2 | 12⅜ | 12.32 |
| Ireland 5¼ 99 | 0⅛ | 100⅛ | 100½ | 14/3 | 12⅜ | 12.33 |
| Italy. Republic 5 94 | 0⅛ | 99⅝ | 100 | 9/5 | 8.94 | 8.95 |
| Lloyds Euro 5 2004 § | 0⅛ | 99⅝ | 100⅛ | 10/4 | 11½ | 11.50 |
| Midland Int Fin 5 99 § | 0⅛ | 100⅛ | 100⅜ | 6/3 | 12⅜ | 12.34 |
| Mort Bk Denmark 5¼ 89+ | 0⅛ | †100 | 100⅛ | 11/1 | 11⅞ | 11.86 |
| Nat West-Perp 5 89 | 0⅛ | 100⅛ | 100⅜ | 13/9 | 10⅜ | 10.32 |
| Queensland Coal 5¼ 96 | 0⅛ | 100⅛ | 100⅜ | 9/5 | 10.00 | 10.00 |
| Sweden Perp 5¼ 85 | 0⅛ | 100⅛ | 100⅜ | 9/2 | 13⅛ | 13.10 |
| Takugin 5⅛ 94 § | 0⅛ | 100⅛ | 100⅜ | 16/3 | 12⅛ | 12.17 |
| Tokai 5⅛ 98 | 0⅛ | 100⅛ | 100⅜ | 12/12 | 12½ | 12.45 |
| Toyo 5⅛ 99 | 0⅛ | 100⅛ | 100⅜ | 14/12 | 12⅝ | 12.58 |
| Average price change On day 0 on week −0⅛ | | | | | | |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 3 99 | 4/84 | 852.64 | 95⅛ | 96⅛ | −0⅜ | 8.91 |
| Fanuc 3⅜ 98 | 1/84 | 7832.3 | 146⅜ | 147⅜ | +0½ | 8.03 |
| Fujitsu 3 99 | 5/84 | 1328.8 | 99⅛ | 100⅜ | 0 | 5.96 |
| Honda Motor 5⅜ 98 | 8/83 | 804 | 127⅛ | 128⅜ | +0⅛ | 1.43 |
| Kaoshimbu Photo 4 98 | 10/83 | 873 | 85½ | 86½ | −0⅜ | 2.90 |
| Marui 3½ 99 | 7/84 | 1182 | 87⅜ | 88⅜ | −0⅜ | −0.61 |
| Minebea Co Ltd 5½ 98 | 5/83 | 867 | 98⅛ | 99⅛ | −1⅛ | 2.92 |
| Mitsubishi Elec 5¼ 98 | 6/83 | 396 | 88⅛ | 89½ | −0⅜ | 8.37 |
| Murata 3½ 99 | 2/84 | 2361.2 | 103⅛ | 104⅛ | 0 | 0.98 |
| Murata 3½ 2000 | 7/84 | 2300 | 100⅛ | 101⅛ | −2⅛ | 0.60 |
| Nippon Oil Co 3⅛ 99 | 3/84 | 1082 | 86½ | 87½ | +0⅛ | 8.79 |
| Nissan Motor 5⅜ 98 | 4/83 | 838.4 | 91⅛ | 92⅛ | +0⅜ | 8.51 |
| Oki Elec Ind 3½ 99 | 10/84 | 806 | 88⅛ | 89⅛ | −1⅛ | 8.03 |
| Orient Leasing 5⅛ 98 | 6/83 | 2080 | 116⅛ | 117⅛ | +0⅛ | 2.38 |
| Secom 3⅜ 99 | 10/84 | 5434 | 90 | 91 | −0⅜ | 5.06 |
| Sekisui House 3 99 | 6/84 | 612 | 86½ | 87½ | +0⅜ | 8.10 |
| Sumitomo Corp 2⅞ 99 | 5/84 | 583 | 89⅛ | 90⅛ | +0⅜ | 8.60 |
| Takeda Riken 3⅜ 2000 | 10/84 | 7083 | 95⅛ | 96⅛ | +1⅛ | 13.85 |
| Tokyo Sanyo Elec 3½ 99 | 12/84 | 772 | 90½ | 91½ | −1½ | 2.15 |
| Yamanouchi Pharm'cal 4 98 | 10/83 | 1403.2 | 123⅜ | 124⅜ | −0⅛ | −0.48 |
| Nippon Oil Co. 2⅛ 92 SF | 3/84 | 1062 | †186½ | 187½ | +1⅛ | 14.11 |
| Nippon Shinpan Co 2 92 SF | 3/84 | 881 | †94½ | 96½ | +0⅜ | 31.74 |
| Sanyo Pulp 2⅛ 92 SF | 4/84 | 677 | ††147½ | 148½ | 0 | −2.61 |
| Asics 5 92 DM | 12/83 | 528 | 100⅛ | 101⅛ | −0½ | 10.33 |
| Sun Realty 8⅛ 92 DM | 2/83 | 305 | 106 | 107 | 0 | −2.24 |

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (‡ three month, § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.







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